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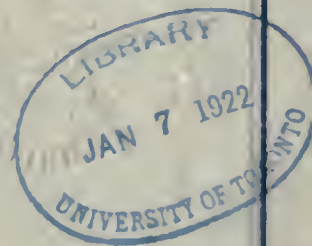
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The Year 1921—Retrospect and Prospect

**Rapid Fall in Prices, Accompanied by Stagnation in Business,
Was Feature of Year — How Financial Activities Were
Affected—Much of War-time Inflation Has Been Removed**

THREE years after the signing of the armistice there is still talk of reconstruction and re-establishment in Canada. But while talk of this kind has been going on, the real work of reconstruction has been accomplished, not by government, but by private industry. So far as Canada is concerned, the term meant nothing more than the substitution of peace influences for those of war. The only war influences that now remain are those which will be with us for an indefinite time, such as interest on debt, pensions, and the partial demoralization of currency and exchange.

But while this country has resumed its normal line of development, the conditions under which we start are different from those obtaining when we left off. The period from 1914 to 1920, inclusive, was not merely a hiatus in Canada's economic history, but was rather a period in which outside factors disarranged our affairs. The war left not only some new factors in business life but changed the actual organization by which business is carried on.

As we have already passed through the stages of war and post war inflation, and the inevitable re-action, the present may be a fitting time to examine how we stand as compared with 1914. In this connection it must be born in mind that the latter year was one of reaction from the period of prosperity which culminated in 1913. The development which we are resuming, therefore is a development marked by declining prices and business contraction. The war turned the tide violently in the opposite direction but the reaction from the war will be all the more pronounced and prolonged because of its coincidence with our normal course of development.

Commodity Prices

The relation of commodity prices at present to those prevailing before the war is illustrated by the following index numbers of wholesale prices compiled by the Canadian Department of Labor:—

	October, 1913	October, 1921
Grains and fodders	138.0	174.3
Animals and meats	179.4	240.2
Dairy products	164.8	229.0
Fish	148.0	189.4

Fruits and vegetables	112.2	204.8
Miscellaneous groceries	113.8	186.9
Textiles	137.4	241.6
Hides, leather, boots and shoes	165.6	163.6
Metal and implements	113.8	193.5
Fuel and lighting	117.6	248.8
Building materials	143.3	279.9
House furnishings	128.1	314.0
Drugs and chemicals	112.3	191.5
Miscellaneous	152.4	304.3
All commodities	134.6	229.2

When it is remembered that the index number of all commodities reached 356.6 in May, 1920 the extent of the decline which had taken place by October, 1921, is evident. It is also apparent how raw materials have come down, hides and leather being actually below the level of eight years ago.

The months immediately following the armistice found business in a state of uncertainty. Then came a year of unparalleled activity, ending in the spring of 1920. The remainder of 1920 was a critical period, but was safely passed over as regards business as a whole. The year 1921, therefore, may be regarded as the first year since 1914 in which economic life was controlled by normal factors. The actual low water mark of business was reached about last June, but even then some industries had passed this stage. Almost every industry has by this time had its slump in prices, followed sometimes by a slight reaction, but sooner or later by a more gradual downward movement.

Agriculture

Just as the products of the farm the forest and the mine were the first to advance during the war, so also have they been the first to go down. 1921 has been one of the worst years ever experienced by the farmers of Canada. The prices of their products had gone back nearly to pre-war levels, but their costs had shown little reduction. It was fortunate, therefore, that crops were good in 1921, the reduction in values being to some extent being made up by quantity of output. Nevertheless the condition of the farmers was a serious one, and creditors had, in their own interest to show the utmost leniency.

In view of this situation, the farmer could no longer pay the high wages of war time, and what he could offer did not, in many cases, induce workers to leave the cities where employment was uncertain but a livelihood assured. The farmers also lost no time in marketing their grain and stock, fully the trend of prices.

The actual volume of grain production for the whole of Canada, in comparison with 1920, is estimated as follows:—

	(Bushels)	
	1920	1921
Fall wheat	19,469,200	15,473,000
Spring wheat	243,720,100	278,914,800
All wheat	263,189,300	294,387,800
Oats	530,709,700	466,303,100
Barley	63,310,550	57,607,300
Rye	11,306,400	11,847,500
Flax	7,997,700	7,166,300

Mining

In the mining field we find the same influences at work. Almost all the war time advances in the price of metals having been lost. Even though some reductions in wages and other mining costs were effected, the year was a dull one. Production of the coal mines of the Dominion during the first six months of the year was only 86 per cent. of the production during the same period last year, while the situation in the more important branches of mining is shown by the following figures of Ontario production for the first six months of 1920 and 1921:—

	(Values in dollars.)	
	1920	1921
Gold	\$ 5,690,504	\$ 5,761,504
Silver	5,077,028	2,552,125
Copper, metallic	470,949	272,132
Nickel in matte	5,338,120	407,000
Iron, pig	738,079	733,568
Cobalt, metallic	266,045	91,355
Cobalt, oxide	645,783	204,853
Nickel, oxide	814,070	65,652
Nickel, metallic	1,696,687	1,479
Total	22,101,580	11,363,652

Oil developments in the west created quite a stir during 1921, most attention being directed towards northern Alberta. Thus far profitable results have been secured only in rare instances.

Lumbering.

Products of the forest also suffered a severe price decline. It is expected that the output during the present winter will be smaller than for many years past, and operations would have been even more restricted had it not been for wage reductions. Export business also came to the rescue of lumber firms operating on the Atlantic and Pacific coasts. This is of special importance to British Columbia, which exports about half its output, the United States, Japan, China and Australia being the principal customers.

The companies operating in the eastern provinces will, it is expected, be able to operate this winter at about 60 per cent. of the cost last winter. Added to this is an increase in working efficiency, due to the surplus of labor.

On the other hand, fishing has had a very fair year. Supplies on the east coast were abundant, the Newfoundland catch being one of the best in its history. On the whole, however, production was less than in 1920, the output during August for the whole of Canada, being estimated at 776,677 cwt., valued at \$3,043,461, compared with 1,005,884 cwt., valued at \$3,467,137 in August, 1920.

One of the factors tending to a reduction in our fisheries output is that the Fraser River, British Columbia, is almost exhausted as a salmon fishing area.

Furs.

The fur market having already experienced its reaction, the year was a normal one. Auction markets are now operating in Winnipeg and Montreal, and sales conducted during the year found demand good but no great change in prices.

Reflecting the state of business generally, railway traffic has been considerably below 1920. Gross earnings of the three roads in October were as follows:—

	October 1920	October 1921
Canadian Pacific	\$24,787,000	\$21,893,000
Canadian National	12,351,157	11,691,881
Grand Trunk	11,666,798	9,743,332

Apart from this change, the year was not eventful for the Canadian Pacific, as it has been able to reduce operating expenses nearly as quickly as gross earnings went down. The Canadian National, after the staggering deficit shown in the report for the year ending March 31 last, has during the past few months shown an improvement, gross earnings now being in excess of operating expenses, though the surplus is still small compared with the heavy fixed charges.

Developments in connection with the Grand Trunk were the most important in the railway field. A transfer of control to a board appointed by the government was made. The award of the board of arbitrators was also declared, though an appeal which has been entered by the shareholders will still further delay the final settlement of this transaction.

Water Transportation.

Ocean traffic also fell off in 1920, competition being keen and rate cutting frequent. This means reduced earnings, and ships built at high costs are not proving a profitable investment. Grave doubts have arisen, therefore as to the outcome of the Canadian government's investment in the mercantile marine. The showing of the last fiscal year was satisfactory, but the report for the present year will be awaited with interest bordering on anxiety. If these ships were to be sold, a very heavy loss would be incurred. On the other hand if they are retained and operated at a loss, it is felt that this would be merely another method of subsidizing the mercantile interests of the country.

Traffic on inland waters, as reflected by the business of Canada Steamship Lines, Limited, the largest concern in the business, was sustained in good volume. One of the features of the year was the great expansion of traffic on the routes leading to the oil fields of northern Alberta.

Manufacturing has been exceedingly dull during the past year, as the "consumers' strike" commencing last year soon brought a cessation of orders. Many plants shut down for a considerable period, while there were scarcely any which were fully occupied. Much money had been lost by manufacturing surplus stocks which quickly declined in value, and consequently there was a tendency during the past year to hold off operations until a demand was definitely in sight.

Another factor which discouraged manufacturing enterprise was the aggressiveness of the tariff reduction party, which might, by all appearances, be returned to power at the federal elections held in December. Nevertheless some new plants were opened, indicating confidence in the return of a demand for goods and in the permanence of a protective tariff as a factor in Canadian economic life.

Wholesale and Retail Business.

It was the wholesale and retail firms which first felt the brunt of the "consumers' strike". As soon as the falling off in demand became apparent, retailers centered their efforts on reducing their stocks without a loss. They were partially successful, but many were obliged to sell below actual cost. Consequently failures were numerous during the past year.

Wholesale houses felt the depression most keenly about the spring of 1921 because by that time retailers were thoroughly frightened from placing new orders. There was a minimum of buying which had to be done, however, and later on in the summer retailers were forced to buy to replace depleted stocks. Consequently the end of the year finds stocks of both retailers and wholesalers at a minimum, with business improving and prices showing a tendency not to advance but to become more steady.

Loan and Trust Companies.

Apart from the difficulty of raising money by the sale of debentures, which has been felt for the past five years, loan companies have had a good year. Deposits kept up fairly well. Trust business does not depend so much on temporary conditions, but no falling off in business has been experienced, though the small amount of new corporate financing has restricted this branch.

Closely linked with the loan and trust companies is the mortgage loan field, as they supply a good part of the funds for investment in this way. Rates have been at a high level

during the past two years, ranging from 6½ per cent. to 7½ per cent. for choice city property, to 8½ and 9 per cent. for less desirable western mortgages.

Banking Business.

As might be expected from this situation, banking business has contracted during the past year. This may be illustrated by the following figures:—

	September 1920	September 1921
Holdings of coin	\$ 81,037,676	\$ 77,908,368
Holdings of notes	173,772,522	173,658,961
Deposit in central gold reserve	109,012,533	70,302,533
Cheques on other banks ..	146,671,334	107,233,818
Government securities ..	116,237,730	180,214,316
Municipal securities, etc.	202,349,860	135,085,779
Call loans in Canada	114,669,611	106,729,270
Call loans elsewhere	186,962,960	183,290,756
Current loans in Can. ..	1,417,520,756	1,239,637,351
Loans to municipalities ..	78,103,364	83,851,274
Total assets	3,140,014,769	2,802,532,030
Capital paid up	126,927,040	129,268,517
Circulation	231,094,885	186,797,922
Bal. due Dom. Govt.	156,410,480	96,689,442
Demand deposits in Can.	677,286,905	534,307,452
Savings deposits in Can.	270,194,097	1,263,763,852

From this comparison it is apparent that the substantial reduction which has taken place in loans, due to the slackness of commercial business, has been reflected in demand rather than in current deposits. The latter are on the decrease, however, but do not react so quickly as do demand deposits.

While it is frequently asserted that the banks have escaped the losses consequent to a business recession, and recent annual reports show their profits to have been well maintained, this is not altogether the case. The banks have as a matter of fact had a hard time watching their weaker accounts, and losses have at times been incurred. The fact that they have come out so well is due in large degree to the conservative policy adopted in 1920.

Bond and Stock Markets.

Issues of the provincial governments and of the larger cities were most prominent in the bond field. There was no Dominion government loan, and the smaller municipalities were frightened by the higher rates prevailing. Prices maintained their low levels until quite late in the year, when, about the middle of November, a sudden rise in the price of government bonds took place, followed by a strengthening in other issues. It is thought that the great amount of provincial issues floated had kept back this movement until so late. The provinces are now pretty well provided for, but a Dominion government loan, and a good amount of smaller municipal issues, one expected during the coming year.

Insurance.

Life insurance companies had scarcely expected that they could maintain the records established in 1920, and as a matter of fact their new business in 1921 was considerably behind that for the previous year. On the other hand claims were light, and the investment opportunities good.

The volume of fire insurance business also fell off, and as losses were heavy, the year was not a good one in this line. Casualty insurance results were varied, with specially heavy losses in burglary, automobile and theft insurance.

Business Indices Show Year's Developments

Principal Movements of Trade and Finance Graphically Illustrated—Year 1921
Was One of Reaction from War-time Expansion Which Culminated in 1920

CANADIAN business during the past eighteen years is illustrated by the accompanying chart, compiled by Babson's Statistical Organization, Wellesley Hills, Massachusetts. The black areas are obtained by plotting the monthly Canadian Value of Business Index. The index is a combination of indices of the following subjects: Bank Clearings, Failures, Immigration, Foreign Money Rates, Montreal Money Rates, Ratio of Cash to Net Liabilities, Commodity Prices, Share Prices Railroad Earnings and New Building.

The line X-Y represents the country's net gain or growth. The chart is based on the economic theory that "action and reaction are equal." On this basis, each area

above the line X-Y must be followed by an area of the same size below the line. Hence we expect Area G to equal Area F, the same as Area E equalled Area D, and Area C equalled Area B.

The line marked "stocks" represents the average trend of the stock market from 1904 to 1912. It was based upon average prices of one rail, four public utilities and five industrial stocks. From 1912 to date twenty industrial stocks were added to the list.

To use this Babsonchart in connection with one's own business, the observer should chart his own sales thereon and note what portion of the represented areas has been consumed when his own sales were the greatest or smallest.



Some Weaknesses In Canada's Development

Recent Depression Has Been Difficult Time for Ill-judged Enterprises—Progress of Industry Must Be Sound and in Proportion to Country's General Development

By CHARLES W. STOKES

THIS is not a statistical article. From its title it perhaps should be—and it would then be much easier to write, for statistics are so unassailable that often they confute the processes of logic.

There is a chronic disease from which practically every North American suffers in greater or less degree, and which—with all due regards to Frank Yeigh and his useful little publication—might be called the disease of "Five Thousand Facts About Canada." The North American, of course, is not considered provincial or uncultured if he knows a great many more statistics than the European, who knows few. One could ask the Englishman the familiar old question that we love so much—the area of England, the population of Manchester as compared with Birmingham's, the length of the London and North-Western Railway, how much income-tax Sir John Ellerman pays, how high St. Paul's Cathedral is, and what the Savoy Hotel cost—and the only answer would be a dumb-founded silence. That kind of knowledge simply isn't "done" there.

Use of Statistics

On this side statistics are one of our commonest forms of spiritual expression. They belong with expanding acreage, incoming settlers, rising land values, and steel skyscrapers. The smaller the place, the louder the statistics—the bigger the place, the more complacent. We are, indeed, becoming so much of a continent of statisticians that we are all individually tending to become lecturers; a single well-placed statistic can (to apply a metaphor of Oliver Wendell Holmes) wreck a whole freight train of thought.

The trouble is that three-quarters of the time we don't know what the statistics mean—at any rate, what they imply. Let us consider, for example, the coal problems of this country. Canada is stated on unimpeachable authority to have approximately one-sixth of the known and estimated coal deposits of the world. Isn't that good news? Isn't it wonderful? Doesn't it make you want to give three rousing cheers? When you remember that Great Britain has only about one-eightieth of the known and estimated coal deposits of the world and yet has become one of the greatest manufacturing countries, doesn't Canada appear to have an awfully brilliant future?

Example of Coal

"Well," says the knocker, "if Canada has so much coal why does it import so much every year? Why is it that during a recent winter it faced an actual coal shortage, and put itself upon rations?"

The answer is simple, but unsatisfactory. The coal is there, but, unfortunately, is not where most people want it. Nature did not foresee that more people would want to live in the middle of Canada than at the ends, and foolishly deposited nearly all the coal at the ends. While Canada was growing that did not matter much; but now that Canada has resolved to be a really important manufacturing country—which means to intensify its existing areas—it is confronted by the economic law that industrial production invariably moves up close to the coal areas.

Hydro-electric Power

Obviously, therefore, if Canadian industry had not hydro-electric power to fall back upon it would within a fairly anticipable number of years remove itself to Cape Breton Island, Western Alberta, or Vancouver Island—or allowing for another geographic law, to some region easily reached from the coal mines by water transportation, which would cut out the Crow's Nest Pass. But central Canada

has enormous hydro-electric power. The provinces of Quebec and Ontario have an estimated minimum of eight and a half million 24-hour horse-power available; the Dominion has, according to the same authority (the Water-Powers Branch of the Department of the Interior), water-power possibilities of nearly eighteen million 24-hour power—equal to 153 million tons of coal—of which scarcely ten per cent. is as yet used.

Once more, let us rise up truculently and bid the world defiance in three reverberating cheers. But—oh, confound him, what's he going to "but" now? Only, however, to remark in a mild and placatory tone that we have misled ourselves so often previously with startling statistics of this kind that it might be well to investigate where these immense water-powers are. You don't go out into your back-yard and pick up a horse-power lying around promiscuously, and forthwith start a factory with it—or, if you are a community, invite an industry from the States to come in and locate with you. You don't have to be an electrical engineer to understand that horse-power has to be brought from somewhere, nor that a tremendous proportion of these water-powers are quite a long way off, in unsettled, inhospitable country. As going out to them is impossible, can the power be transmitted such a long distance, and if so, will it pay dividends?

Time for Taking Warning

The answer is very probably in the affirmative; but at this present nadir of expansion we might aptly appropriate the railway warning and stop, look and listen. The besetting fault of the Canadian "expansionist" is that he sees progress through a wide-angle lens. He always wants to be developing and expanding something or some place a long way off. He wants to settle the Peace River country, while in the prairie provinces there are still thirty million acres of good and undeveloped farm lands within a fifteen mile radius of existing railways. He likes to toy with the prospect of domesticating the reindeer as an auxiliary food supply, or of growing more ginseng with an eye on the export trade to China. If there is indeed such a beef shortage we might cheerfully forget the British embargo on Canadian cattle.

"Of course," someone will say, "you can't progress without the larger vision. There must be dreamers, or we should be crowded to death soon. We must learn to think in large spaces, in terms of the atlas. Look at the C.P.R.—see how much ahead they were of their times! "I lived in the West myself long enough to observe that the way of the knocker is indeed hard. Even in 1921, which is a very different kind of a year from 1911, the knocker is no better than a variety of shock troops."

*But the C.P.R., of course, did not build without very careful surveys—and they did change their original route in a very striking way!

Canada has ceased to be a frontier country because no one wants to live the frontier life. The cities are growing faster than the rural sections; people want to enjoy the fruits of the development of the far fields without helping to develop them themselves. They want someone else to swing the axe or drive the plough; for themselves they want to stay at home and manufacture things for the wider market, or to develop their city into the trading centre of the rich new region.

Movement of Industry

Industry seldom colonizes; it prefers to stay somewhere close to the main line and the hydro-station and the big markets. When it moves it is because of over-crowding.

Except in the case of newsprint and other isolated industries, it radiates; it does not go out into the wilderness and create a supply before there is a demand. A very promising sugar-beet industry fell through in Alberta—peculiarly fitted to support it—because the farmers would not raise beets till the refinery was there, while the refinery would not go there till the farmers were raising beets. If Alberta had a large population neither farmer nor refinery would hesitate a second.

During the ten years preceding the war Canada went through a carnival of boasting and Five-Thousand-Facts-About-Canada-ing, which in the end created a kind of junkerism. "Canada Uber Alles!" We poured out deluges of statistics, how we had the most coal, the finest wheat, the most asbestos, the least population, the best climate, and so on. And then we allowed a lot of real-estate men to cash in on these wonderful resources by selling sky-line sub-divisions, and by letting a number of cities hire industrial commissioners to squabble with each other in attracting factories.

Unsuccessful Industries

Those western "industries," for example! There was the classic industry of the nail factory that located itself in a prairie city, six hundred miles from the nearest iron deposits. It was a poor sort of an industry, in fact, which could not sit round the table with half a dozen competing cities fighting amongst themselves to get its payroll, and at that get away with the jackpot. A free site, a cash bonus, tax-exemption—it got them all, did that reluctant industry which simply could not locate in that particular city unless the city came to its assistance in some such way. A subsidized industry being more or less a shaky industry, in due course the city frequently found itself holding the sack, in which was an empty factory worth about one-quarter what they had paid in cash and franchises to the "promoter," while the promoter, with the other three-quarters, was off somewhere selling Florida orange-lands or Texas oil stock.

But let a legitimate industry, logical to the region, indigenous to the soil, dependent upon the raw material of the neighborhood, ask for some concession—even ask for a time extension on its notes—and everybody's thumbs were turned down immediately! The great industrial tragedy of Western Canada was that it was trying to manufacture nails, or underwear, or perfumes, when it should have been manufacturing pork, or flour, or linen. When it did accidentally stumble upon great potentialities, such as the Calgary oil "strike" of unhappy memory, it allowed these to become the victim of a boom to which gravitated the confidence men and Wallingfords of the continent, who eventually made Calgary rancid to the nose of the investor before even the possibilities of the new oil-fields had been properly investigated.

Sectional Booms

I sometimes think our government lends a tacit encouragement to booms in order to cover up its own deficiencies. Oil, Cobalt, real-estate, newsprint, the alleged export market—what are all booms but sectional, the endeavor to get rich more quickly than some other section, to get richer (in many cases) than the circumstances justify? What should we say to a department store which allowed one department to conduct a sales policy of its own, with the ultimate object of diverting customers from other departments? Canada is nothing but a department store, and the whole is greater than any part.

Yet sectionalism, although bad business, is unfortunately good political expediency. Consequently there is no national business policy. The part has been allowed to become greater than the whole. Practically every section of Canada cherishes the idea that it is the cynosure of every eye and the hub around which the remainder of the country revolves. Some part of this, of course, is accidental, because broadly speaking each section has its large undeveloped areas, its farthest west or its farthest north; and also because, again broadly speaking, each section has incurred heavy indebtedness in anticipation of a more rapid

growth than the normal. But there is no reason at all why any section of Canada should grow at the expense of another. There is no reason why Saskatchewan should add hundreds per cent. to its population while Prince Edward Island becomes depopulated, nor any why Nova Scotia and New Brunswick should fail to get their quota of the immigration which flows in every year. It is a rather saddening sight, for example, to travel through some part of Western Ontario and see the non-active farms whose owners have emigrated west. There is room enough everywhere, and surely Canada has infinite variety enough to appeal to differing tastes.

Poor Immigration

Even in the hey day of immigration we fitted many square pegs into round holes. We dumped down on the prairies many thousands of fine immigrants who would have been happier in the orchard region of the east; we dumped into British Columbian fruit valleys hundreds who should have been running little shops, with profit to themselves and the Dominion. Our future immigration will probably be more "choosy," and we shall have to show more than one trick. That should be the function of the government, to direct the newcomer to the place for which he is temperamentally suited, or which the circumstances of the moment suggest would afford him the greatest hope. It should not be left to the nine-and-sixty jarring nations to stand bellowing for immigrants, and for industry, very much like hotel-runners outside a railway station.

We need a stock-taking of possible development; showing what we haven't as well as what we have. A recapitulation of our resources and our resourcefulness does not deny their existence; it merely admits the light of sanity upon them. To say, for example, that Canada raises the best million wheat in the world, but to deny in crop examination that sometimes in certain localities wheat is frozen in Canada before it ripens, is to harm all Canada in the end.

Area and Population

Nor should we try to monkey with geography, to pretend that we have a Mississippi River when we haven't, or to imply, because we have a large area and a small average population per square mile that therefore our future destiny is the same large area multiplied by a large average population per square mile. I came across an old clipping the other day detailing the subsidy paid by the Dominion government to the Canadian Press, Limited, on account of its operation round the North Shore of Lake Superior. The clipping is dated 1919, but doubtless the subject matter is unaffected, for the Algoma country is so strikingly a non-revenue one for the Canadian Press that the all-Canadian news service would apparently be impossible without a subsidy. The thought is that the papers of the west might, in default of an all-Canadian service, receive an all-American service and eventually become all-American themselves.

There is a type of mind which cannot distinguish between optimism and extravagance. Fabianism is not a recommendable doctrine; we must co-ordinate our efforts and know at once the best and worst—and then go gunning for development. It should be part of our immigration propaganda to hold a national stock-taking conducted by forward-looking men who can tell oats from dandelions.

Only don't let's have a committee. Some careful word might be dropped, and they would fly off on a non-presistent tangent. Somebody might, say, mention something about dandelions, and the first thing we should know there would be a bright blue-covered report on the Possibilities of the Dandelion Industry on the Queen Charlotte Islands.

*But the C. P. R. of course, did not build without very careful surveys—and they did change their original route in a very striking way!

GERMAN PRE-WAR DEBTS.

The time for registering claims against Germans on account of pre-war debts closed on March 31, 1921. No announcement has as yet been made by the Government as to how the claims will be disposed of.

Canada's Economic Progress at a Glance

BANKING STATISTICS

	Total Assets	Paid-up Capital and Reserve
Oct. 31		
1910	\$1,260,755,709	\$176,889,102
1911	1,381,280,989	199,582,373
1912	1,521,105,096	218,773,578
1913	1,575,550,980	226,966,252
1914	1,577,919,069	228,245,019
1915	1,657,256,962	226,738,438
1916	1,968,940,288	226,053,811
1917	2,244,878,054	225,187,422
1918	2,638,839,732	217,712,095
1919	2,967,598,848	241,152,863
1920	3,155,601,568	257,682,757
1921	2,806,827,597	264,338,629

BANKING STATISTICS—Continued

	Deposits on demand and after notice	Circulation
Oct. 31		
1910	\$ 829,855,337	\$ 95,992,866
1911	918,404,607	105,855,021
1912	1,023,912,500	110,696,877
1913	1,011,367,714	118,234,359
1914	1,008,539,512	123,744,682
1915	1,093,379,043	122,782,233
1916	1,303,527,638	145,031,667
1917	1,480,849,299	195,298,212
1919	1,968,027,027	242,509,573
1920	1,958,927,532	252,882,760
1921	2,101,229,335	193,546,363

TRADE OF CANADA*

Fiscal year ended March	Exports of Canadian produce	Exports of foreign produce
1906	\$ 235,483,956	\$11,173,846
†1907	180,545,306	11,541,927
1908	246,960,968	16,407,984
1909	242,603,586	17,318,782
1910	279,247,551	19,516,442
1911	274,316,553	15,683,657
1912	290,223,857	17,492,294
1913	355,754,600	21,313,755
1914	431,589,658	23,848,785
1915	409,419,503	52,023,673
1916	741,610,953	37,689,432
1917	1,151,461,855	27,835,332
1918	1,540,318,069	46,142,004
1919	1,207,613,806	52,321,479
1920	1,239,492,098	47,166,611
1921	1,189,163,701	21,264,418

*Merchandise only.

†Nine months.

TRADE OF CANADA*—Continued

Fiscal year ended March	Imports for consumption	Total trade of Canada
1906	\$ 283,282,204	\$ 529,940,006
†1907	249,737,874	441,825,107
1908	351,879,955	615,248,907
1909	288,217,515	548,139,881
1910	369,815,427	668,579,420
1911	451,745,108	741,745,318
1912	521,448,309	829,164,460
1913	670,089,066	1,047,157,421
1914	618,457,144	1,073,894,368
1915	455,446,312	916,888,821
1916	507,817,159	1,287,117,229
1917	845,356,306	2,024,567,406
1918	962,543,746	2,548,713,538
1919	916,443,432	2,176,378,717
1920	1,064,528,123	2,351,174,878
1921	1,740,145,056	2,450,553,175

*Merchandise only.

†Nine months.

TRUST AND LOAN COMPANIES' ASSETS

	Trust Cos.	Loan Cos.
1918	\$551,428,791	\$245,302,208
1919	689,795,777	250,076,621
1920	742,930,349	242,245,302

BOND SALES

Year	Sales in Canada	Sales in U. S.
1910	\$ 39,296,462	\$ 3,634,000
1911	44,989,878	17,553,967
1912	37,735,182	30,966,406
1913	45,603,753	50,720,762
1914	32,999,860	53,944,548
1915	114,275,214	178,606,114
1916	102,938,778	206,943,764
1917	546,330,714	174,708,365
1918	727,446,361	33,310,000
1919	705,385,419	199,446,670
*1920	101,830,667	223,084,000
1921		

*No war loans this year.

BOND SALES—Continued

Year	Sales in U. K.	Total bond sales
1910	\$188,070,128	\$231,000,590
1911	204,269,143	266,812,988
1912	204,236,394	272,937,982
1913	277,470,780	373,795,295
1914	185,990,659	272,935,067
1915	41,175,000	335,106,328
1916	5,000,000	356,882,542
1917	5,000,000	726,039,079
1918	14,600,000	775,356,361
1919	5,105,133	909,937,222
1920		324,914,667

The sales in the United Kingdom since 1915 have nearly all been refunding issues.

TRANSPORTATION

	Steam railways (earnings)	Elec. railways (earnings)
1914	\$243,083,539	\$29,961,007
1915	199,848,072	26,922,900
1916	261,888,654	27,416,285
1917	310,771,479	30,237,664
1918	330,220,150	24,299,890
1919	382,976,901	35,696,532

INSURANCE

	Fire (premiums)	Fire (losses)	Fire (at risk)
1911	\$20,575,255	\$10,936,947	\$2,279,868,346
1912	23,194,518	12,119,581	2,684,355,895
1913	25,745,947	14,003,759	3,151,930,389
1914	27,490,158	15,347,284	3,456,019,009
1915	26,474,833	14,161,949	3,531,620,802
1916	27,783,852	15,111,133	3,720,058,236
1917	31,246,536	16,379,101	3,986,197,514
1918	35,954,408	19,359,252	4,523,514,841
1919	39,914,398	23,207,647	4,904,396,461
1920	50,565,856	22,931,129	5,971,330,272

INSURANCE—Continued

	Life (net in force)	Life (premiums)
1913	\$1,168,590,027	\$38,641,206
1914	1,242,160,478	41,094,095
1915	1,311,616,677	45,106,678
1916	1,422,179,632	48,093,105
1918	1,785,061,273	61,641,047
1919	2,187,833,396	74,689,262
1920	2,657,037,219	90,212,934

CURRENCY

	*Dom. notes in circulation	†Bank notes in circulation
1911	\$ 99,308,945	\$ 89,982,223
1912	111,932,238	100,146,541
1913	116,363,537	105,265,336
1914	114,182,098	104,600,135
1915	152,117,695	105,137,092
1916	175,494,135	126,691,913
1917	178,564,970	161,029,606
1918	281,336,474	198,645,254
1919	299,530,655	218,919,261
1920	292,016,290	228,220,603
1921	268,769,184	206,537,974

*Year ended June.

†Monthly average.

MISCELLANEOUS

	Dun's Bus. failures	Price Index	Bldg. permits
1911	1,332	127.4	\$138,170,390
1912	1,357	134.4	185,233,449
1913	1,719	135.5	153,662,842
1914	2,892	136.1	96,780,981
1915	2,652	148.0	33,566,749
1916	1,677	182.0	39,724,466
1917	1,088	237.0	33,936,426
1918	873	278.3	36,838,270
1919	751	293.2	77,113,413
1920	1,078	333.6	100,983,430

Population

	Mar. 31.	Immigration
1871.....	3,689,257	1897..... 21,716
1881.....	4,324,810	†1900..... 23,895
1891.....	4,833,239	1905..... 146,266
1901.....	5,371,315	1910..... 208,794
1911.....	7,296,643	1913..... 402,432
*1914.....	7,725,000	1914..... 384,878
*1915.....	7,928,000	1915..... 144,789
*1916.....	8,140,000	1916..... 48,537
*1917.....	8,361,000	1917..... 75,374
*1918.....	8,593,000	1918..... 79,074
*1919.....	8,835,000	1919..... 57,702
1920.....		1920..... 117,336
		1921..... 148,477

*Estimated.

Primary Production

	Total value field crops	Wheat yield bushels	Value of wheat
1914	\$ 638,580,300	\$161,280,000	\$196,418,000
1915	825,370,600	393,542,600	356,816,900
1916	886,494,900	262,781,000	344,096,400
1917	1,144,636,450	233,742,850	453,038,600
1918	1,372,935,970	189,075,350	381,677,700
1919	1,452,437,500	193,260,400	364,857,000

Primary Production—Continued

	Total value of pulpwood	Fisheries
1914	\$ 8,089,868	\$33,207,748
1915	9,426,217	31,264,631
1916	13,104,458	35,860,708
1917	18,817,483	39,208,378
1918	24,886,475	*60,363,502

* Calendar year.

Primary Production—Continued

	Coal tonn	Coal value
1914	\$13,637,529	\$33,471,801
1915	13,267,023	32,111,182
1916	14,483,395	38,817,481
1917	14,046,759	43,199,831
1918	14,979,213	55,752,671
1919	13,586,300	54,051,720

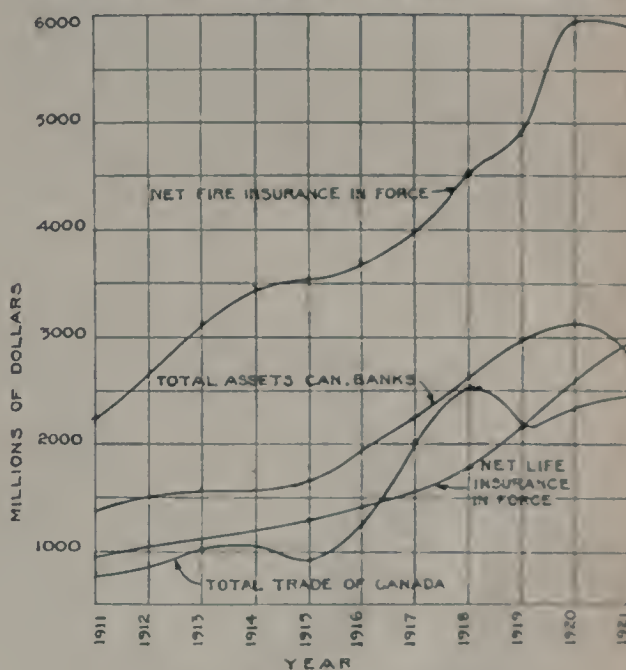
Primary Production—Continued

	Gold ozs.	Silver ozs.	Nickel lbs.
1914	773,178	28,449,821	45,517,937
1915	918,656	26,625,960	68,308,657
1916	930,492	25,459,741	82,958,564
1917	738,831	22,221,274	84,330,280
1918	710,526	21,284,607	92,076,034
1919	767,167	15,675,134	44,542,953

Primary Production—Continued

	Copper lbs.	Total value mineral production
1914	75,735,960	\$128,863,075
1915	100,785,150	138,920,759
1916	117,150,028	177,201,534
1917	109,227,332	189,646,821
1918	118,415,829	210,204,970
1919	74,124,653	173,075,913

Canada's Economic Progress Illustrated



NOVA SCOTIA COAL PRODUCTION

Nova Scotia coal mines operated by the British Empire Steel Corporation produced 3,297,946 tons of coal during the first nine months of the current year. This output was made up as follows:—

Dominion Coal Company's collieries in Cape Breton, 2,301,594 tons.

Dominion Coal Company's collieries at Springhill, Cumberland, County, 282,848 tons.

Acadia Coal Company's collieries at Stellarton, Pictou County, 275,958 tons.

Nova Scotia Steel Company's collieries in Cape Breton, 437,546 tons.

It is estimated that the total output for the year will be about 4,400,000 tons. In 1920 the output was 4,339,472 tons. The largest recorded annual production of these mines was in 1913, when the output was about 6,500,000 tons.

Shipments of Nova Scotia coal up the St. Lawrence in 1921 totalled some 1,200,000 tons. This represents substantial progress towards the recovery of the Montreal markets, but it is a long way from the pre-war shipments by water, which ran between 1,500,000 and 2,000,000 tons per season.

Federal Affairs During The Past Year

Defeat of the Conservative Administration at General Election Held in December Was Leading Feature—The New Liberal Government and Its Personnel—Some of the Problems Dealt With, and Still to be Taken Up

By THE MONETARY TIMES' OTTAWA CORRESPONDENT

IN the federal arena the dominant event of the year was the election on December 6th, when Hon. W. L. Mackenzie King was returned to power with 117 Liberal supporters, Premier Meighen defeated in the country and in his own constituency, and Hon. T. A. Crerar returned with 64 Progressive supporters. There were as well fifty Conservatives elected and two Labor men, and one of the Ontario Conservatives is expected to resign his seat soon in favor of Premier Meighen.

The election was the dominant fact of 1921 because it had been throwing its shadow before it for more than a year, and it had even influenced the course of debate and the legislation of the preceding session of Parliament. For example, the Dominion Election Act, which had been passed in 1920 to replace the War Times Election Act, was subjected to a fierce scrutiny by the Opposition members, who wanted an act which would be fair to them and which would not shut out any classes of Canadian residents from whom they expected support. Changes in the Election and Naturalization Acts were made in consequence. The shadow of the coming election could also be seen in the challenges made by the Liberal leader in amendments to the Address in reply to the Speech from the Throne and in the budget debate where the government was called on to resign. Votes of want of confidence were voted down on each such occasion, and the government finished the session with its majority practically undepleted. It was then expected that there would not be an election until after the 1922 session of Parliament. Premier Meighen went to a conference of Premiers of the British Empire in London, where it was decided to postpone action in adapting the constitutional relations of the Empire to changed conditions and where he is said to have exercised a strong influence in advising the British Government not to renew the Anglo-Japanese Treaty without first consulting the United States and securing some arrangement that would conduce to the welfare, security and friendship of all three. While there he received news that the Medicine Hat bye-election had gone against the government candidate, and this is believed to have been the straw which decided the Premier to have an election.

The New Parliament

The new Parliament will have completely few old members of the rank and file west of the Ottawa river. It will have a solid delegation of Progressive members who will reflect mainly Western low tariff ideas and sentiment favoring national ownership of railways. It will have a Conservative group drawn mainly from Ontario, and it will have a Liberal Government whose membership comes in great part from Quebec and the Maritime Provinces. This government, having just half of the 235 members of parliament after appointing a speaker, will have to depend for support on members from either or both of the other two parties by the kind of legislation which it introduces. So far as the last session of parliament offers any criterion it will find its best chance of support among the Progressive members.

In review the past year's legislation and the debates in the House of Commons emphasis will be given here chiefly to those issues on which there was difference of opinion, as in such cases the new government, aided by the Progressives, may be expected to take further action.

The Railway Situation

First, the railway situation was the principal football of the session because the government asked for \$178,000,000

as an appropriation for railways, of which \$140,000,000 was for its railway obligations in connection with the Canadian National and Grand Trunk Railways taken over by the government when they failed to meet their obligations. This was a considerable increase on the previous year, and the Opposition asked the government for full details, and sharply challenged the contention that these had to be withheld in order not to give the Canadian Pacific Railway, a competitor, important information about the railway's business. Eventually a special parliamentary committee was formed to delve into and make a report on the situation, but little important contribution was made to the existing stock of information. As an indication of what change in railway policy will occur under the new administration, it is more valuable to note that the Liberal leader in his campaign speeches stated that public ownership was to be given a fair trial. Hon. Rodolphe Lemieux, one of his chief lieutenants, came out frankly for a modified Shaughnessy plan, by which the Grand Trunk Railway would be abandoned to its original or other owners after relieving it of its Grand Trunk Pacific obligations, and by which the Canadian National and government roads would be merged with the Canadian Pacific Railway under a Canadian Pacific directorate after certain productive assets of the C.P.R. had been sequestered and an undertaking made by the government to pay C.P.R. shareholders a fixed annual interest in perplexity. The road would then be owned by the government and the board of management would be independent of interference by the government or any other body except the board of railway commissioners, as already provided for under the law.

Views Are Varied

Sir Lomer Gouin, who will be one of the new government's most outstanding figures, also took the view during the campaign that under private ownership railway deficits would be less than under government ownership, and the Hon. Walter Mitchell, late provincial treasurer for Quebec, argued that a commission of the greatest railway experts who could be obtained should investigate the whole situation and their advice be followed. All this time the Liberal leader was criticizing the present Canadian National Railway directorate on the ground that a number of the directors were also directors on companies which secured large contracts from the railway for supplies and material. It is fair to assume, and your correspondent knows that it is being strongly advocated by some Liberals that this directorate may therefore be displaced by the new government in favor of a board of management composed mainly of experts without financial interest in other companies and of a few others representing the community and the workers. The Montreal contentions referred to will not be actively pushed until it is ascertained whether progressive improvement shows in the situation under the new measure to be taken.

The new government has also before it a proposal made by Sir Joseph Flavelle to Premier Meighen last August that the problem should be solved by forming a new National Railway Company, with a nominal capital of five million common shares and 2,500,000 six per cent. preference shares. By this plan the government would wipe out of consideration the initial cost of the International and Transcontinental railways. It would accept common stock in payment of all the millions hitherto advanced for deficits of the company and money to be advanced on deficits that may occur during the next few years, and it would receive six per cent. preference shares for all moneys advanced for

capital expenditures which he expected would be from \$125,000,000 to \$175,000,000 yearly in the next five years. By his plan the government would turn the equity in the road over to this new company, subject to the bonds, debentures and guaranteed stock held by the company, at the end of 1921, which was then the date evidently in mind for taking the Grand Trunk Railway over. Such a plan could be accepted by the new government without surrender of its own ideas, and it would probably prove acceptable to the Hon. T. A. C. Crerar, who pled on the floor of the House of Commons for a thorough reorganization of the roads when the Grand Trunk is taken over, the avoiding of duplication either in operations or lines, and the ceasing of unprofitable services as far as possible.

The situation was further complicated by deputations from various societies of the community both to the government and to the railway commission asking that freight rates should come down in the interest of the restoration of business and from the railways urging the operating expenses and wages should first go down. Wages did go down twelve per cent., and freight rates have also been brought down ten per cent. from the increases of twenty-five per cent. in the West and 35 per cent. in the East last year.

Attitude on the Tariff

With regard to the tariff the attitude taken by the Opposition at the last session affords a better guide as to what it may do as the government next session. In the actual schedules little change was made at the last session of parliament in the tariff and these changes were mainly to implement the preferential arrangements arrived at in the Canada-West Indies Treaty with respect to such products as cocoa, cocoa products, arrowroot, onions, grapefruit, limes, coconuts, sugar and rum. There was also agreed to an arrangement giving France the benefit of the Intermediate tariff. The dumping provisions were made more stringent at the last session, and it is likely that the Liberals will keep the provisions while making the enforcement less arbitrary. The government will probably do away with the amendment passed last session to the Customs Act, providing that for purposes of Customs valuation no foreign currency depreciation exceeding fifty per cent. of the normal shall be recognized. Hon. W. S. Fielding, who may be Minister of Finance in the next cabinet, assailed this clause as one which surreptitiously increased the tariff from the percentages of 30 to 35 per cent. set forth in the schedules to such a point that it became "a tariff of 70, 80, 90, 100, 150, and even two hundred per cent.," against countries where the currency was badly depreciated, such as Germany, a late enemy, and Roumania and Italy, late allies. It was defended by Sir Henry Drayton on the ground that the mark had not depreciated so much in Germany as it had in the markets of the world, and that, as labor and materials therefore cost German manufacturers less than their foreign competitors, they could under-sell with ease. That situation has changed, and it is sure that the Liberals will go back to the old arrangement by which the Customs practice was to change foreign depreciated currency into Canadian on the basis of existing exchange rates.

Marking Regulations

Similar criticism was launched at the legislation made effective last session to compel foreign manufacturers to brand all goods exported to Canada to have marked on them in English or French the country of origin. The difficulties in the way of enforcement without injury to goods, annoyance and loss of time and money to importers and without fraudulent stamps caused the importing world to protest strongly against this law and the regulations made under it. As a result its operation was deferred from September 1st to January 1st, and Hon. J. B. M. Baxter, Minister of Customs under the retiring government, promised that it would be deferred until parliament could consider it again. The Liberals are apt to repeal it. No doubt overtures will be made by the Liberals to Washington for a reciprocity agreement, as for the moment the United States Government seems

in an acquiescent mood, and as the Liberals and Progressives last session all voted for a reciprocity resolution introduced by Hon. Mr. Fielding, and which was defeated.

Revenue Changes

The business profits war tax was dropped, and all the luxury taxes which had not been removed by an order-in-council in the previous December, were abolished. To replace the revenue thus abandoned, heavier duties were placed on playing cards, wines and spirits, and the tax on sales was increased. On sales of manufacturers, wholealers, importers and jobbers the tax increased from one and two per cent. on domestic transactions to 1½ and three per cent. and to 2½ and four per cent. on imported goods.

The Dominion Census

Among other important events of the federal year considerable interest attaches to the Dominion census started on June 1st of the present year. At the time of writing the complete returns had not come in, but it was expected that the total population of Canada would not exceed 8,500,000. This will not add more than four or five members of parliament to the total of 235 now obtaining, because Quebec's advancing population means that the sixty-five seats there will have each a unit of measurement of about 36,000 instead of 30,000 as at present.

During the year two federal referenda in the provincial areas of Ontario and New Brunswick were held, the results being a decision to prevent the importation of intoxicating liquor in each case.

The Limitation of Armaments conference at Washington has produced results of value to Canada in that future increase of expenditure of the British Empire and therefore of Canada on naval armament will be curtailed. The decision to substitute for the Anglo-Japanese Treaty an arrangement that will bring the United States and China into a four power arrangement also means much for the future peace of Canada.

The Conservation Commission

Of doubtful value to the country was the abolition by parliament of the Conservation Commission. Of still more doubtful value was the action of the Senate in killing the government's bill creating a National Research Institute. The bill providing for unemployment insurance was not even introduced, its fate being regarded as certain.

The Parliamentary Committee to inquire into the coal resources of Canada was successful only in showing that Canada could supply the needs of every province but Ontario. A partial dependence of the latter province on the United States could not be avoided at the present price of Canadian coal delivered at central Ontario points, it was shown.

The 1921 Session

Parliament session passed 193 bills, but 111 were bills granting divorces. Another effort to get rid of this class of legislation by the creation of a divorce court failed. Among the more important bills, in addition to those already referred to, were bills: which ratified commercial agreements with France and the British West Indies; which authorized the ratification and carrying into effect of a protocol accepting the Statute for the Permanent Court of International Justice; which declared certain works in the Lake of the Woods water system to be for the general benefit of Canada and raised the question of provincial rights between the Dominion and Ontario by providing for federal control; which embodied recommendations of a special committee on pensions insurance and re-establishment to make more adequate the assistance given by the country to its ex-service men; and which provided for regulating the grading of dairy produce to make more systematic and satisfactory the marketing of Canada's dairy products.

Other legislation included the appointment of a grain commission of investigation which was stopped for months by an injunction, a Grand Trunk arbitration bill, a bill fixing Thanksgiving Day as the Monday of the week in which Armistice day occurs, a Copyright Act purporting to

adhere to the Berne convention, and an act combining the Customs and Excise departments.

Other Legislation

The following local and private acts of interest to the financial world were also passed:—

Railway and Bridge Companies

Calgary and Fernie Railway Company; Canadian Pacific Railway Company; Canadian Transit Company; Central Railway Company of Canada; Edmonton and Mackenzie River Railway Company; Essex Terminal Railway Company; Fort Smith Railway Company; Kettle Valley Railway Company; London and Lake Erie Railway and Transportation Company; Maritime Coal, Railway and Power Company, Limited; Manitoba and North Western Railway Company of Canada; Montreal, Ottawa and Georgian Bay Canal Com-

pany; Mayo Valley Railway, Limited; Oshawa Railway Company; Ottawa, Northern and Western Railway Company; Quebec Central Railway Company; Quebec, Montreal and Southern Railway Company; Thousand Island Railway Company; Western Dominion Railway Company.

Insurance Companies

Dominion Life Assurance Company; Fidelity Insurance Company of Canada; Metropolitan Trust Company of Canada; Ensign Insurance Company.

Other Companies

Autographic Register Systems, Limited (Patent); Canadian Bar Association; Credit Foncier Franco-Canadien; Dominion Express Company; Gilmour and Hughson, Limited; Great West Bank of Canada; James MacLaren Company, Limited; Quebec Steamship Company.

Trade Decline a Significant Feature

**Both Imports and Exports Are Far Below Levels of 1920—
Fluctuations in Exports More Violent Than in Imports — An
Examination of Our Trade With Other Countries for Past Year**

BY W. G. CATES, B. A.

THE value of Canada's total trade for the calendar year 1921, was approximately \$1,600,000,000. The final figures are not yet available, but sufficient is known to warrant this estimate. There is very little difference between the figures for total exports and imports; both will range about \$800,000,000, the probability being that those for imports will be slightly larger. The total returns are a long drop from those for 1920, which stood at \$2,639,730,042, the second highest in the records of Canadian trade. This is one of the inevitable features of the process of readjustment,

through which the world is now passing, and which probably will continue for some time.

It would, however, be a mistake to conclude that the volume of exports had declined to the extent indicated by these figures. The fall in prices has been a very important factor in this movement. In October, 1921, the index number of wholesale prices in Canada was 229.2, as compared with 317.6 for October, 1920, a decline of 25 per cent. As the decline in the total trade figures is equal to 38 per cent., it is evident that 13 per cent. of it, or thereabouts, has been due to a shrinkage

Total Trade of Canada



in volume. It must also be borne in mind that grain has been an important factor in studying the volume of shipments, the exports of grain during the twelve months ending October having been 85,000,000 greater than they were for the preceding period.

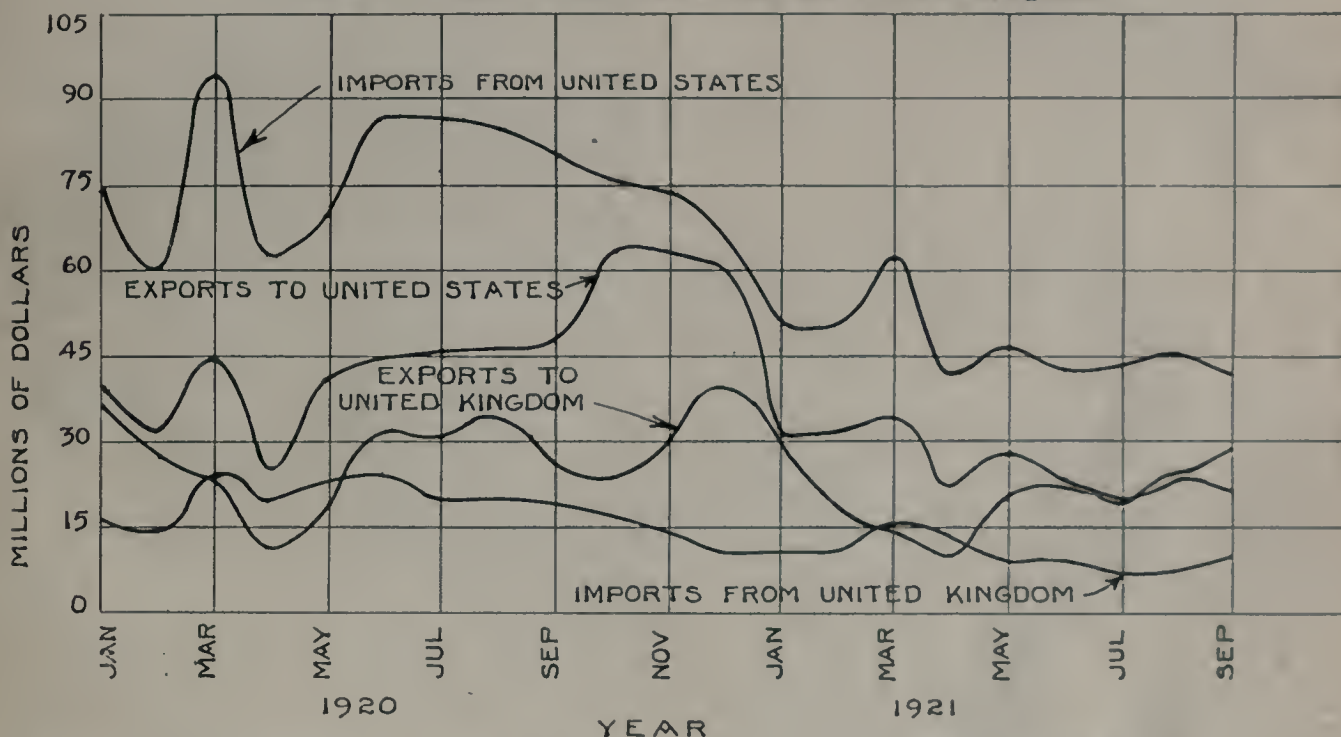
Tremendous Falling Off

As the figures for imports and exports receive most attention, it is quite probable that, at first glance, some of the most striking features of the year may be overlooked. During the last 12 months Canada has experienced a trade transition far beyond comparison with anything in her history. The problems presented by an expanding trade are very few compared with those that are attended a severe contraction. During the war years some remarkable advances were made in both the volume and value of exports and the total trade. For example, in 1916-17 the value of the total trade increased by \$750,000,000. But since January 1st, 1921, the trade of the country has sustained a reaction that has reduced the total figures by no less than \$1,000,000,000, or 25 per cent. more than the greatest change experienced during any previous calendar year. Naturally the shock has had a very depressing effect on business; but the comforting

has been the marked decline in the value of exports. For the twelve months these will amount to probably \$800,000,000, as compared with \$1,302,805,114 for 1920. It is true that while this decline is equal to but 20 per cent., as compared with 41 per cent. in the case of imports, still it continues, and from present indications, is likely to result in a permanently lower level of exports than of imports. During October, for example, the value of exports was \$50,000,000 less than during the same month last year, while the value of imports was \$46,000,000 less. There are special factors operating to reduce exports still further, while on the other hand, there is strong evidence that the decline in imports has touched bottom.

Dealing with the increases in the volume of exports, the returns for the 12 months ending December are not yet available; but during the year ending October the exports of wheat were 65,538,000 greater than during the preceding year; exports of oats were 15,691,000 bushels greater; while exports of other grains increased to the extent of 4,500,000 bushels. Shipments of silver were larger by 1,659,000 ounces; exports of flaxseed showed an increase of 2,500,000 bushels, and those of flour by 1,700,000 barrels.

Trade with the United States and the United Kingdom



feature is that conditions are no worse than they are. That they are no worse, speaks much for the stability of our financial institutions.

Fortunately, during this period of stress, Canada's chief industry has been agriculture, and that several other industries of importance have had to do with the working up of natural products for export. Had Canada been a predominantly manufacturing state, the depression would have been much more severe than it is. But the world must have food, and this country, until within the last few months, has been able to find a market for her large surplus. True, prices have been much below those of recent years, but the point of chief importance is that a market has been found. Fortunately, also, the United States has continued to take large supplies of pulp and paper. Indeed, the value of these exports alone is within hailing distance of the value of all other exports of manufactures combined.

The Decline in Exports

Another of the important developments of the year

Mining Products Down

As for the decreases in exports during the year ending October, it is found that the mining industry suffered severely, exports of coal being 4,000,000 less than during the preceding period; aluminum exports were 290,000 cwts. less; nickel, 170,000 cwts. less; asbestos, 95,000 cwts. less. The pulp and paper industry suffered possibly the most of all, exports of wood pulp having dropped to the extent of 7,394,000 cwts., and newsprint by 1,219,447 cwts. Exports of lumber also fell off appreciably. The meat packing industry was another hit very hard, exports of hams and bacon having fallen off to the extent of 50,000,000 lbs, and beef by 47,000,000 lbs; pork, 2,000,000 lbs; butter exports were 4,600,000 lbs less, while cheese fell off to the extent of 2,600,000 lbs. There were 13,000 fewer automobiles exported.

The year's export figures show that the United States is still Canada's best market; but the "emergency" tariff is so reducing exports thereto that the probability is that it will soon occupy a secondary position. The total

exports to the United States were approximately \$327,000,000, as compared with \$580,000,000 for 1920. This drop of nearly 60 per cent. was especially severe, owing to the difficulty of finding in other parts of the world a market for Canadian products. The impoverishment of Europe, whose recuperative powers are very feeble, together with the handicap imposed by the rate of exchange, afford little ground for hope that the situation in that quarter will be much improved for some time. The falling off in exports to the Republic represents a bigger monetary loss than is represented by the mere trade figures, for the exchange alone on the cost business would probably amount to \$20,000,000.

Effects of U. S. Tariff

While under any conditions the market drop in prices would have made it impossible to maintain the high export figures of 1920, still they would have been much higher than they were had it not been for the "emergency" tariff, as the following shows: During the five months ending October the exports affected by it were \$17,399,000, as compared with \$62,166,000 for the same months in 1920. In October alone, the value of these exports was but 25 per cent. of that for the same month in 1920. As a matter of fact, in respect to exports to the United States, the country is very nearly back to where it was in 1917, the indications being that even lower levels will be touched in this branch of our commerce. If the market to the south were still as much open as it was a year ago, the decline in exports to other countries might be contemplated with comparative equanimity. In October, November and December last year exports to the United States were valued at \$193,000,000; this year they were \$100,000,000 less.

Exports by Countries

Though exports to the United Kingdom were but \$290,000,000 as compared with \$345,000,000 for 1920, still, taking into account the drop in prices, it is evident that the volume of trade thereto has really been increased. Shipments of grain and cattle have been much heavier. The slowness with which some of the important producing countries are recovering, notably Russia, is helping Canada in this market.

Exports to the other portions of the British Empire, generally, were fully \$100,000,000 less than they were in 1920. The new commercial treaty with the British West Indies does not seem to have stimulated exports, these being about \$2,000,000 less than they were during the preceding 12 months. Shipments to Newfoundland declined to the extent of about one-third. Trade with Australia shows a decline in money values, but apparently the volume has not been much affected. In the case of South Africa, the value fell off to the extent of 50 per cent.

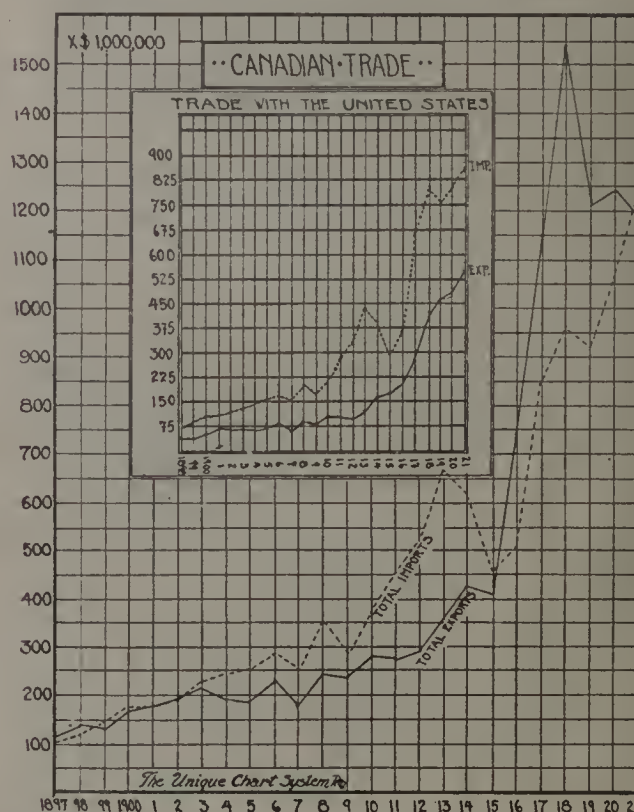
The decrease in the value of exports to Europe shows that the high figures of 1920 were due largely to the liberal credits granted by the Government. During the 12 months ending October, exports to Greece were but \$8,507,000, as compared with \$34,464,000 for the preceding period; in the case of Belgium, there was a drop from \$41,230,782 to \$28,843,743, and in that of Roumania from \$11,552,000 to \$1,502,025. France took 50 per cent. less than she did the year before, and Norway 66 per cent. less; Sweden, 75 per cent. less. On the other hand, Italy's purchases went from \$33,639,663 to \$39,455,000, while the Netherlands increased theirs by 2½ times. It is interesting to note that Germany's purchases went from \$4,083,856 to \$7,397,210.

The Decline in Imports

The decrease in imports from \$1,336,925,021 in 1920 to approximately \$794,000,000 in 1921, is another development of the first importance. It differs from the decrease in exports in that it represents more marked decline in volume; for though the lower figures, to a certain extent, are explained by the fall in prices, still there has been a heavy drop in the quantity of goods

imported. The undoubted fact is that the purchasing power of the public is much lower than it has been for some time past, this being especially true as respects the farmers. Up to November 11th, the farmers of the West had delivered 132,022,412 bushels of the 1921 grain crop, for which they received hardly more than \$128,000,000; at the same date last year, 109,000,000 bushels sold, brought \$234,000,000. Herein lies one of the principal causes of the existing business depression. It is also a rather interesting fact that prosperity is usually attended by heavy importing. As the Western farmers especially are heavy buyers of American products, it may be taken for granted that the falling off in imports from the United States is, in a measure, explained by their inability to buy to anything like the extent they do during normal times. It is interesting to note that during the year ending October, the imports of cotton were valued at \$60,000,000 less than during the preceding 12 months; imports of iron and steel were \$75,000,000 less; rubber, \$21,500,000 less; silk, \$21,500,000 less; sugar and

Canada's Trade with United States



molasses, \$33,000,000 less; vehicles, including automobiles, \$14,000,000; wool, \$56,000,000 less. With the exception of automobiles, the lower figures are explained chiefly by lower prices.

United Kingdom Lost Most

Strange as it may seem, imports from the United Kingdom fell away more than those from any other country of account, and that in spite of the fact that they enjoy a preferential tariff rate of 33 per cent., to which should be added a marked advantage through the rate of exchange. For the year, the value of imports from the United Kingdom was approximately \$106,000,000, as compared with \$231,479,294 for the preceding period. This decrease of 54 per cent. has been puzzling to most observers. To some extent it may have been due to the serious strikes in Great Britain; but, for the most part, these were settled some time ago. That the chief explanation is not to be found in labor troubles is evident from the fact that with the resumption of work, there has not been an appreciable increase of British imports. It is

more probable that the high figures for these imports last year were due to the circumstance that during the war the stocks of British goods had been completely cleaned out. This gave rise to a huge post-war demand, which, however, has not maintained. There is also reason to think that the prices asked for British textiles have resulted in their replacement to some extent for the time being, by other goods. Take textiles, fibre products and liquor out of the British imports and about 60 per cent. is eliminated from the total. At the present these imports are now averaging about \$9,000,000 a month.

Imports from United States

Imports from the United States declined very considerably during the year, but not to nearly the extent they did in the case of the United Kingdom. In 1921 they were approximately \$471,000,000, as compared with \$921,625,825 for 1920. Undoubtedly the reduction may, in a sense, be attributed to Canada's inability to sell as freely as formerly in the American market. The effect of the premium on American funds, which is equivalent to an increase in the tariff on American products, must also be taken into account. Changes in the method of valuing has also checked importations. Indeed, the public does not realize the extent of the increased protection, especially as against the United States, afforded

by the budget of last session. That in spite of these handicaps, imports from the Republic have not fallen off more than they have, indicates the strength of the hold the Americans have on the Canadian market. It may also be considered a good indication of the degree to which Canadians are also dependent upon them. Even with the marked decrease in our purchasing power, together with lower prices, the value of imports during October was practically the same as during June.

Imports from states within the Empire generally fell away, those from the United Kingdom having already been noted. The value of those from the East Indies fell off over one-half, and the same may be said of those from the British West Indies, Hong Kong and New Zealand, while, in the case of Australia, there was a still heavier decline. Imports from British Guiana, however, were nearly doubled, while those from Bermuda also advanced. Those from Cuba dropped by over 50 per cent., there having been marked declines also in imports from France, Japan and Switzerland; while those from Germany and Switzerland increased materially. The action of Parliament in fixing the minimum value of certain foreign currencies for customs purposes, undoubtedly has had the effect of keeping down imports from some states in Europe. Still, insofar as the trade returns show, since the war, there has not been much danger of Canada being flooded with cheap goods from Europe.

Railway Developments During the Past Year

Grand Trunk Arbitration Proceedings and Report of Operation of Canadian National Railways Were the Outstanding Events—Opinions on Railway Situation Presented by Lord Shaughnessy and Sir Joseph Flavelle

By W. T. JACKMAN

PERHAPS the most significant element in the railway situation during the year 1921 was the work of the Board of Arbitration to which was entrusted the duty of ascertaining the value of the three preference stocks and the common stock of the Grand Trunk Ry. Co., preparatory to the complete absorption of that railway property in the government system. The appointment of the board was in pursuance of an agreement, dated March 8, 1920, between the Dominion Government and the Grand Trunk Railway Company for the taking over by the Government of the Grand Trunk Railway System through stock ownership.

This agreement provided for the acquisition of the "entire capital stock of the Grand Trunk, except the four per cent. guaranteed stock" amounting to \$12,500,000. In consideration for obtaining control of the Grand Trunk Railway Company of Canada and all its subsidiaries, included in what is called the Grand Trunk Railway System, the Government agreed to guarantee the interest on the existing debenture stocks, in accordance with their terms, as follows:—

5% Grand Trunk debenture stock	£ 4,270,375
5% Great Western debenture stock	2,723,080
4% Grand Trunk debenture stock	24,624,455
4% Northern debenture stock	308,215

Total £31,926,125

In addition, the Government agreed to issue new stock of the Grand Trunk Railway Company of the par value of £12,500,000, with a guarantee by the Government at four per cent. annual dividend thereon, in exchange for the then outstanding issue of four per cent. stock of the same par value, guaranteed by the Grand Trunk Railway Company, which was non-cumulative but prior in its claim on earnings to the preferred and common stock. The voting powers possessed by the debenture and guaranteed stocks were to cease, and all voting powers were to vest in the preference and common stocks.

The agreement provided also that the first preference (5%) stock amounting in par value to £3,420,000, the second preference (5%) stock amounting to £2,530,000, the third preference (4%) stock amounting in par value to £23,955,437, should be taken over by the Government at a total of £27,168,055, and the common stock amounting in par value to £12,500,000, should be determined by a board of arbitration, and in exchange for these stocks the Government should issue "new guaranteed stock," bearing four per cent. interest, equal in amount to the arbitration value of the preference and common stocks.

Grand Trunk Arbitration

For determining the value of these stocks, therefore, there was constituted the board of arbitration with Sir Thomas White representing the Government, Chief Justice Taft of the United States Supreme Court representing the railway company, and Sir Walter Cassels, Judge of the Exchequer Court of Canada, as the chairman. In the autumn of 1920 the arbitrators were taken over the main lines of the Grand Trunk and Grand Trunk Pacific and on February 1st, 1921, they began the taking of evidence. The board was to fix the value of these stocks as of May, 1921, and its report was expected to be ready by April 9, 1921, nine months after its appointment. The proceedings before the board dragged on slowly, in spite of the intimation to the company that the time for the arbitration would not be extended except upon terms of immediate possession and control of the railway system by the Government.

It was considered by the Government that certain shareholders and others in England were showing their resentment at the taking of the property from them and were endeavouring to give the impression that the Government was dealing harshly with the company. The Grand Trunk directors denied any attempt to block or impede the Government's work. The Government, on the contrary, declared that since public funds were being used to finance the

railway operation it was unreasonable for the company to retain possession of the property. However, a Bill was later introduced into Parliament providing that, upon condition that the company should agree by May 16, 1921, to hand over complete control of the property to the Government, the arbitration would be revived. This was made effective; the arbitration was continued, and on September 7, 1921, the reports of the arbitrators were submitted to the Government.

The Board's Award

The chairman of the board and the Government representative on the board agreed in the award that "there is no value in any of the four classes of stocks." The important facts leading to this decision may be briefly outlined:

1. The manipulation of the accounts of the company, which rendered the books unreliable. This was done at the instigation of the chairman of the directorate in London, who preferred to pay dividends, even though they were not earned, rather than face an awkward situation by telling the stockholders the truth.

2. The draining of the company's earnings to pay dividends rather than using these earnings to provide for the maintenance of the property and facilities in the most efficient operating condition.

3. The admission of the President of the railway company to the Railway Inquiry Commission of 1916, that, if left to itself, the Grand Trunk must suffer a crash, and both it and the Grand Trunk Pacific would have to go into insolvency if the parent Grand Trunk had to carry out its obligation with regard to the Grand Trunk Pacific.

4. The enormous amount owing to the Government by the Grand Trunk on behalf of the Grand Trunk Pacific for capital for construction, for the payment of fixed charges and operating expenses, and for the expenses of the receivership.

5. That the value of the stock should be determined on the basis of the net earnings, actual or potential, of the company; and since the Grand Trunk System, as a system or group of interrelated and interdependent companies, has no net earnings (but rather a deficit) and is not likely to have a surplus of earnings for many years, the stock cannot have any investment value.

Minority Dissented

The company's representative on the arbitration board, Chief Justice Taft, dissented from the majority for the following reasons:

1. From the evidence of eminent railway engineers and managers, there seems no reason to doubt that the roadway and the equipment is in good condition for operation and this is proved by its success in handling a heavy volume of traffic, and in carrying the immense business thrust upon it during the war without a break. (He regarded the testimony of the men whom the Department of Railways and Canals had sent out to report upon the road and its deficiencies as an "enthusiasm of condemnation" that injured the weight of their evidence.)

2. The other two arbitrators refused to allow the admission of any evidence regarding the reproduction cost of the railway or the value of the physical assets. But Chief Justice Taft considered it perfectly relevant to the problem in hand to receive evidence both as to the reproduction value of the railway system and as to the physical value of the property as distinguished from the reproduction value. Such evidence is held in the United States as appropriate in judging what a railway company should earn and therefore in fixing its rates. With conditions so much the same in the two countries, and especially since the Grand Trunk revenues are affected directly by the rates in the United States, it would seem proper to adopt the same rule of evidence.

3. In the arbitration of the value of the Canadian Northern stock, in a similar proceeding in 1917, presided over by the Chief Justice of Ontario, evidence was received as to the reproduction value and this was used in making the award. If that evidence was relevant in the Canadian Northern case is it not also relevant in the Grand Trunk case? If such evidence had been admitted in this instance, it might have affected very materially the opinion of the

board regarding the earning capacity of the road and its future possibilities, especially in view of the fact that in the United States the tendency is to make the reproduction value of railroad property used economically for transportation a proper basis for fixing rates.

4. Because the earning capacity of the company in May, 1920, was low—when the nadir of railroad prosperity in the world had been reached—or because the company was almost in a state of bankruptcy, is no reason for saying that the interests of its shareholders were worth nothing. Who can say what would have happened to the Grand Trunk if the Government had not taken it over? Perhaps the bondholders, who came to its rescue in 1860, might have come to its aid again and tided it over till the return of normal conditions.

5. On the basis of past earnings and probable future earnings (concerning which statistics are given), there is every reason to believe that within five years the conditions of the company would be so much improved that it would have some leeway for making capital expenditure to improve the property without excluding the shareholders from participating in the benefit of better times.

Appeal To Privy Council

So far as the award is concerned the majority ruling is accepted, but it is of little consequence. The Grand Trunk has appealed its case to the Privy Council in England, and that tribunal has always been much more favorably disposed to guard the interests of property. If it should admit evidence concerning the replacement value of the Grand Trunk System—and from its past decisions there seems to be good reason for anticipating that it will—it is almost indubitable that the railway shareholders' claims will be adjudged fairly large, probably larger than the maximum amount which the Senate fixed as compensation for these four stocks, namely, \$64,166,666.66.

To one who looks with impartiality upon the results of the arbitration in the cases of the Canadian Northern and the Grand Trunk stocks there is something avowedly antagonistic to any sense of justice. In the former, the stockholders of the \$60,000,000 of common stock had never put a dollar into the property and yet this stock, which had been shown by the Railway Inquiry Commission of 1916-17 to represent "no cash investment," and to have "no present value," either on the basis of reproduction cost or earning power, was awarded a value of \$10,800,000 by the board of arbitrators; whereas the stocks of the Grand Trunk which are the subject of this arbitration, amounting to over £37,000,000, to roughly \$180,000,000, all of which was "fully paid up in cash," were declared by the majority of this board of arbitration to be valueless.

Is the Award Unfair?

Is it possible that in the case of the Canadian Northern there were interests which the Government did not want to see exposed to loss on account of unsatisfactory financing, while in the case of the Grand Trunk there were no friends at court to safeguard the interests of those who had invested their money in the enterprise? I merely suggest this question, and there are those who know well the answer. Moreover, is there any justice in admitting as evidence in the case of the Canadian Northern the reproduction value of the property, and using this in arriving at a decision concerning the value of the stock, whereas in the similar case of the Grand Trunk stock such evidence is refused by another board of arbitrators? Again we ask, Was there a method in this madness? If the boasted advantages of arbitration as a means of settling justly such a very important problem as the value of a great railway system can be upheld by such discriminatory application of the principle as that manifested in these two cases, it is not a principle which can command the confidence of judicious and fair-minded people.

The National Railways

The second important feature in the railway interests of Canada during the year just closed was the annual report made by the Minister of Railways and Canals to Parliament in March, 1921. The deficit on the government railways, which in 1919 amounted to almost \$50,000,000, was shown

to have increased in 1920 to about \$70,000,000. These figures do not include interest on the capital of the National Transcontinental and the Intercolonial railways; but as the capital for these lines was furnished by the governments of the country, and interest on this capital, under a strict accounting, would be paid by one branch of the government to another, we may neglect this portion of the deficit.

An increase in the railway deficit of almost 50% within one year calls for explanation and is the occasion for a serious consideration of railway affairs. The announcement of such a result by the Minister of Railways and Canals created a sensation in Parliament and throughout the country, which has brought the railway problem into the forefront of national issues. The demand on the part of the Parliament and the public for a thorough investigation of the affairs of the government railways so as to make public the essential information by which to judge as to the administration of these railways, was met by the appointment of a committee of inquiry of the House of Commons on Canadian National Railways and Shipping.

Committee of Parliament

This committee, composed of members of the three parties in the House, were strictly limited in its functions, its first and most important duty being to determine what information concerning these governmental agencies could be given with propriety to the public. Information was obtained by the committee as to the increased cost of operation, attendant upon the very high wages and high cost of materials, the method of letting contracts, the system of auditing, etc. The committee recommended that it should be reappointed early in the next session of Parliament to complete its inquiry, but until it should be able to give more careful consideration to the railway issues and to obtain further knowledge it did "not feel disposed—to make definite reply" to the questions referred to it. Neither this committee nor the Government had any definite plan for dealing with the railway problem; the Government simply allowed the matter to drift on and passed an appropriation of \$165,000,000 for the year 1921.

But there are others who have been thinking about the remedies for the serious condition of the publicly-owned railways and two of these are men who stand high in the railway and industrial world. Because of the wide attention which has been attracted by their public statements, it is important that the latter should be considered here.

Lord Shaughnessy's Advice

Lord Shaughnessy, chairman of the Canadian Pacific directorate, sent to Premier Meighen a letter, dated April 6, but not made public till April 24, in which he reviewed the history and present conditions of the railways, and set forth his plan for relieving the people "from some part of the distressing and dangerous financial results now in evidence and which threaten the future." Briefly, his policy was to leave the Grand Trunk System under private ownership and operation and to bring promptly and effectively to the aid of the National Railway System additional financial strength and sustenance by having the national railways merged with the Canadian Pacific for operation and management.

He would have all the extraneous assets of the Canadian Pacific (including its ownership of railways in the United States, its ocean steamships, its lands still owned, etc.) segregated from the company's Canadian system of railways, vessels, and other accessories and this latter would be joined with the national railways under the comprehensive organization of the Canadian Pacific for administration and operation. In consideration for the Canadian Pacific shareholders giving up their interest in the return from the extraneous assets, which would then be under separate management, the Government would enter into a contract approaching perpetuity with the Canadian Pacific by which the company would operate the whole property for account of the Canadian people. The Government would agree to pay the shareholders in perpetuity a fixed annual dividend on the share capital, to be supplemented by a further payment when the whole property was yielding a specified return.

By having these properties all operated by one management, there would be so many economies effected that the

operating ratio would be reduced from about 101% to a maximum of 80%, which would reduce the total annual deficit to eleven or twelve million dollars. Gradually even this would be overcome through settlement of the country and increase of traffic; and in the meantime the saving to the country would be very large. There is no question whatever that the plan outlined by this great railway state man would be of inestimable benefit, in overcoming the financial handicap of the national railways and providing the country with transportation facilities in the management of which there would be shown enterprise, initiative and a constructive national outlook. If this plan were accepted the details would have to be worked out carefully; but thus far the Government has shown no inclination to depart from its present policy of drifting and piling up of deficits. The report of the Railway Inquiry Commission had shown some of the advantages from consolidation of railways, and this plan developed by the former President of the Canadian Pacific was simply carrying out the principle of consolidation to its logical conclusion, under the most hopeful conditions for imminent success.

It is worth noting here that the scheme devised and put into operation in England for readjusting the railway relations since the period of government control has been abandoned involves the creation of four large systems, each with a complete monopoly in its own territory. Evidently, then, monopoly does not have the same terror for the English people as it has for some craven-hearted parliamentarians and newspaper editors in this country, who are vociferous in their denunciations of a railway monopoly and equally clamorous in proclaiming the supposed virtues of public ownership.

Sir Joseph Flavelle's Recommendations

The other public man whose contribution upon the railway problem has been sent to the Government is Sir Joseph Flavelle, who during recent months has been the temporary chairman of the Committee of Management of the National Railways. After reviewing some aspects of the railway history he showed the financial necessities of the National System, involving capital expenditures in the immediate future amounting from \$125,000,000 to \$175,000,000, which will constitute a new fixed charge of \$10,000,000 per annum in addition to the present fixed charges. (This is in great contrast to the entire fixed charges of the Canadian Pacific Railway which stand at \$15,910,516.) Moreover, the operating loss for the year 1921, estimated by that of the first six months of the year, will exceed the governmental estimate. He emphasized the urgency of keeping politics out of the management, the necessity of the people using their own road, the importance of a well developed settlement policy for the unoccupied lands of the West, as well as for those lands contiguous to the railways; and while acknowledging that economies would result from the complete integration of all the components of the National System, he was careful to warn against the belief that these economies would be immediately reflected in reduced operating charges.

His calculations showed that the Government System, when fully completed by the inclusion of the Grand Trunk lines, would have net fixed charges aggregating \$66,000,000 per year. His plan for meeting the situation so as to relieve the railway company—"the Dominion Treasury cannot be relieved except through increased earnings"—is as follows:

That the new National Railway Company should have a nominal authorized capital stock of \$750,000,000, consisting of \$500,000,000 of common stock and \$250,000,000 of preference (6%) stock; and that the Government take common shares at par in payment of its existing advances to the various systems. These advances on December 31, 1921, amounted to \$320,000,000 of loans and \$33,000,000 of Grand Trunk Pacific debentures. The cost of the Intercolonial and National Transcontinental railways should be written off at once. For the future, any expenditure that should properly be charged to capital should be provided by the Government and for these advances from year to year the Government should receive preference stock at par. All deficits which the Government had to meet should be settled by giving to the Government common stock at par. The company would then issue preference stock only against capital expenditure.

advanced by the Government, and the common stock would be issued to the Government in payment of its advances to meet operating deficits, including fixed charges. In this way the common stock would represent the cost of acquiring the system plus the amount of the operating deficits from year to year; and the preference stock would represent the amount of capital expenditure made by the Government upon the railway system after its unification. Of course, the obligations of the railway company to the outside public would be represented by the bonds, debentures and guaranteed stock outstanding.

Of the many criticisms of this plan which suggest themselves to the thinking mind, I shall mention but one, namely, if, as Sir Joseph states, "the annual deficits in operation and fixed charges are an actual and irrecoverable loss, and should not be carried as an active debit against the railway," why not honestly though sorrowfully charge them off as losses instead of using them to swell the capital stock account of the Government? If they are losses that are irrecoverable, they can never be transformed by any accounting device into capital in the hope that some dim and distant day in the future the company will be able to pay dividends upon them.

In this contribution to the railway problem by one who has been a very successful business man and who has rendered distinguished service to his country, we find too many "ifs" and other conditional statements to give any comfort to the supporters of the policy of public ownership. Indeed, that does not seem to have been the primary purpose in its writing, but rather to tell the truth about the railways, no matter how harsh the truth may be.

EXTENSION OF BANKING SERVICE

Fewer Branches Opened in 1921—Many Closed—A New Field Opened—"Premises" Account Shows Big Increase

EXTENSION of banking service in Canada during the year 1921 has been but a small fraction of that of the previous two years, when a record was established. In 1919 almost a thousand new branches were opened, while in the following year a little less than half this number of offices were put into operation. Last year's figures show that only about two hundred additional branches started business.

A feature of the twelve months that have gone is that against the branches that were opened, some one hundred were closed. This was perfectly natural in view of the depression coming after an extended period of inflation. As one banker has put it, the policy of bankers generally, in the past year, has been one of consolidation rather than extension.

The branch system has been one of the chief factors in the upbuilding of the country, as by it the banks have been able to furnish the necessary accommodation to all classes of business in Canada, whether farmers, merchants or manufacturers, at rates which compare most favorably with those current elsewhere.

The elasticity of the system is also very convenient, as has been demonstrated in the past three years. Some were of the opinion that the opening of branches was somewhat overdone, but the great activity in this regard was only in conformity with the enormous expansion in business. As soon as deflation set in the banks changed their policy immediately. Only a few new branches were opened each month, as the occasion called for, while a number of offices were closed, and this process has been going on for the past few months.

Districts which had offered good opportunities for banking business during the period of prosperity, no longer needed such an extensive service, and where they could safely and fairly do so, the banks eliminated branches which did not pay their way.

A notable fact is that during the period of expansion an enormous number of sub-branches were opened, and that during the past year it was largely the sub-branches

that were being closed. For instance, in August, 1921, fourteen branches were closed, of which seven were subs. During the same month fifteen branches were opened, of which nine were subs.

Sub-branches as a general rule are under the supervision of a main branch, and are open only part of the week. By this means the banks can easily take care of increasing business, and if by chance that business should fall away, it is a simple matter to close the branch, and no loss is involved. Thus, it is seen that the branch system is quite elastic, contracting and expanding readily to the country's needs.

Pioneer Banking

A unique feature of last year's branch banking was the entrance of the Union Bank of Canada into the North-western oil field. This is just another example of the way in which the Canadian banks are endeavoring to take care of the country's requirements.

B. C. Beyer was given charge of the new venture, and he established the branch in the Mackenzie district, Alberta, at Fort Smith. It is not to be expected that this new office can become a profitable enterprise, particularly in its initial stages, but it is characteristic of Canadian banking that the banker should accompany the forerunners of civilization and development in any movement toward progress.

Not since the Yukon was penetrated by the Bank of Montreal in 1898, has a more romantic and possibly more difficult pioneering mission been given to a Canadian banker than Mr. Beyer's assignment.

The branch was opened in rather a crude fashion, business being carried on first of all in a tent. Notwithstanding, it was a convenience that the inhabitants of the community could not have easily dispensed with.

Extension of the bank's business in the foreign field has been covered fully elsewhere in this issue. It might be said here, however, that the developments were not very outstanding, as might have been expected under the circumstances.

Bank Premises

It is quite apparent that although the number of branches opened was smaller, more elaborate offices were established, if the column showing the value of bank premises in the bank statement each month is any indication.

Over the twelve months there has been an increase in the value of premises of about \$9,000,000, as compared with \$5,000,000 in 1920, and about \$2,500,000 in 1919.

It might be suggested that the property already held has appreciated in value, but the banks are not allowed to show appreciation, although they must make provision for depreciation.

Of course, the above figure might represent new banks, it being most probable that a good deal of property now held by the banks is yet to be builded upon, when the occasion calls.

The following table shows the trend of the "bank premises" account over the past three years:—

	1919.	1920.	1921.
January	\$ 52,801,507	\$ 56,500,332	\$ 62,340,796
February	53,005,275	57,207,547	63,406,980
March	53,317,635	57,946,975	63,834,165
April	54,443,467	55,317,655	64,400,435
May	53,898,884	56,459,647	64,864,981
June	54,315,064	57,192,011	65,179,760
July	54,667,642	57,896,005	65,939,192
August	56,014,766	58,554,076	67,027,677
September	55,464,363	59,297,890	67,508,091
October	55,602,824	60,125,795	68,153,284
November	55,518,536	60,467,669	
December	55,944,018	60,376,915	

On another page is given a table showing the situation of bank branches at the present time, and the total as compared with a year ago.

Provinces' Invasion of the Banking Field

**Credits Granted to Farmers Under Co-operative Schemes
—Too Generous Credit May Be An Evil, However—
Country is Well Served by Banking Institutions**

By O. A. HARPER
Of J. L. Elvin, Ltd., Winnipeg

OF the many changes arising out of the general social of the most hadical is that of governments entering the field as money lenders, competing with our banks and other financial institutions in financing agriculture, particularly in those provinces where the organized farmers dominate politics. The past year seen vast strides forward in this field of government activity and while disaster or something bordering on it is predicted by shrewd financiers, yet it is votes that elect governments and at present these financiers are not the majority of voters. Government banking departments are still very much in the experimental stages, and it is interesting to study their experience and progress to date.

Started in the West

The movement had its inception on the prairies, being confined to Provincial Government activities with Manitoba taking the lead and the other provinces basing their acts largely on those of Manitoba. The original plea was to help farmers in outlying and unorganized districts where credit was not available at any price, due either to weak financial position of borrowers, the very liberal exemption laws, or to great distance from any bank or financial institution. On the above grounds the movement had the co-operation and assistance of bankers, but it soon resolved itself into a matter of cheap money and plenty of it, resulting in the new activities of the past year as recorded below.

In 1916 Manitoba put into operation its Farm Loans Act to provide farmers with money for first mortgages on farm lands at six per cent. per annum, repayable in equal annual instalments amortized over a period of thirty years. It was found that this rate did not pay the cost and after considerable argument the rate was last winter raised to seven per cent.

Manitoba System

Then in 1917 Manitoba passed the Rural Credits Act, thus taking its first step into the active banking field, which has led up to actively engaging in banking in 1921. Under this act farmers could band themselves together in societies of from 35 to 50 members in each. Each farmer subscribed for \$100 of capital stock of which he paid up ten per cent. The municipality, wherein the society was located, and the Provincial Government would each subscribe for half the amount of stock as the farmers and likewise pay up ten per cent. The society would then elect directors, of whom one half would be representative of the municipality, and the province. They would then borrow money from a local bank, if possible, to finance their members at an arbitrarily fixed rate of seven per cent. per annum, one-seventh of which must be rebated by the bank to the society to defray its expenses. Thus a society of fifty members would have a subscribed capital of \$10,000, and a paid up capital of \$1,000, as security for its loans in addition to the personal obligation of each borrower on his own note. The act also did away with all exemptions of a member as against his society and in addition the society had an automatic lien on all the property of a member for the amount of his loan.

The net interest rate of six per cent. to the banks was not sufficient to defray the cost of doing business in sparsely settled districts, and after carrying on at this rate till 1920, they finally requested either that in 1921 the government guarantee them against loss or grant an increase in interest rate. The government declined to grant either of these requests, and as an alternative entered the field actively and took the full responsibility of making the loans direct. This

course of action was decided on during the winter sessions of 1921. As the interest rate was not sufficient to meet the cost the legislature appropriated \$30,000 for the expense of the department, which from such figures as are available is from one and one-half to two per cent. per annum on the average loans.

In order to raise funds for loaning purposes, the legislature during the same session arranged to open offices and take savings deposits subject to checking privileges on which they allow interest at four per cent. per annum. They have since opened two offices in the City of Winnipeg for this purpose, and also have about ten agents in outside points acting on their behalf.

At the time of writing, deposits are reported to have passed the \$3,000,000 mark and loans to have reached \$3,000,000, which is the maximum figure set by the act. It is evident therefore that the loans are at their peak at a time of year when they should be at the ebb, and practically all of these loans will have to be carried over for at least another year, if not longer. A portion of these loans are, of course, for purposes which are recognized as two year loans, but the fact that loans have increased during the fall of the year, combined with the fact that loans up to \$5,000 to one man are common would make it appear that under present market conditions one of two things, or possibly both, must happen. Either heavy losses must be born by the province, or the government must take advantage of the clause waiving all exemptions and sell all that many borrowers possess. I shall leave the reader to his own opinions as to which would be the more disastrous.

Other Provincial Systems

The Province of Saskatchewan put in operation an act similar to the Manitoba Farm Loans Act, but refrained from taking the responsibility of making unsecured advances for current farming operations. There has been agitation from time to time for either government or individual banks similar to the American banking system, but the provincial treasurer wisely took the stand that in a province such as Saskatchewan the present banks, with vast sources of funds outside the province, could best serve the people. A province depending so largely on one crop, and where everyone required to borrow at the same season could not possibly supply its own funds, and at other seasons when borrowing was at a minimum there would be a surplus of inactive funds.

Alberta, on the other hand, already had on its books an act similar in almost every respect to the Manitoba Rural Credits Act. This act had not been taken advantage of to any great extent, and last spring the government, in order to give greater assistance, undertook to guarantee all such loans to the banks, and also to allow the individual societies some latitude as to paying a slightly higher interest rate to the banks. This province thus took advantage of the trained and established banking staffs and organization, both as to granting loans, and more important still, as to collecting them.

During the past year Ontario, under a Farmer Government, has passed and is now putting into force two acts similar to those in Manitoba. The Ontario Farm Loans Act in terms, rates and general particulars, follows the Rural Credits Act of Manitoba. Under it local organizations are incorporated and members may apply for loans to cover the purchase of seed, feed, fertilizers, farm implements, or live stock, or to cover the cost of preparing or cultivating

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the soil, or to take out life insurance as collateral. Loans to any one member are limited to \$1,000, whereas in Manitoba loans of \$2,000, \$3,000 and even \$5,000 are quite general. The Agricultural Development Act provides for mortgage loans in a similar manner to the Manitoba Farm Loans Act.

In order to finance these operations Ontario has authorized the provincial treasurer to open offices at desirable points and to accept deposits and some half dozen sub-treasury offices are now being opened and put into operation.

Reasons For Growth

As already stated, general movement for rural credits originated and was built up on the plea of helping the poorer farmers and farmers in unorganized or sparsely settled districts to obtain, if honest, the necessary credit to carry on by means of co-operation, when they were otherwise unable to obtain that credit through ordinary banking channels, either on account of their weak financial position, the gen-

erous exemption laws or their distance from a local banking office, or from all three. To these people the vital question was that of obtaining credit at all rather than of obtaining loans at six or seven per cent. As such the movement gained both the active and sympathetic support of bankers and business men generally. The credit was needed, and this system provided a means for a man to prove his honesty and ability by having his neighbors in the same occupation, who knew his daily habits, co-operate in judging his fitness to receive such a loan. It also provided him with a means of giving security otherwise denied under the exemption laws of his province.

Too generous credit is as great an evil as its counterpart—too little credit. While the final result of the Manitoba act as compared with established banking methods is yet to be determined, it behooves Ontario to go slowly and take advantage of Manitoba's experience, as there are very few districts that are not already supplied with readily accessible banking accommodation.

Provincial Premiers Write of 1921 and Outlook

Past Year Has Been One of Difficulty, With Hope of Reviving Industry—Developments in Agriculture, Manufactures and Other Phases of Industry in the Provinces — Provincial and Municipal Finances

ONTARIO

E. C. DRURY,

Premier

ONTARIO maintained production during the past year with characteristic energy and enterprise. The Agricultural yield was impaired in some respects by exceptional conditions, but this was in part compensated for by the diversity of our crops and the resourcefulness of our people. The marked decrease in prices contributed to reduce the financial returns of the farmers and thereby restricted their purchasing power. The outlook, however, at the present time for agriculture is very reassuring as we have had an open Fall and extensive preparations have been made for the coming year. The lumbering industry experienced the effect of a curtailed demand for its product so that the large operators are now planning for somewhat less than the normal output this winter with the hope that circumstances may warrant their augmenting their organization. Market conditions restricted the manufacture of pulp and paper, but the fact that the pulp resources of the Province have lately attracted additional investments indicates a confidence in the early revival of the industry. Substantial progress was made in gold mining; silver production was equal to the output of 1920. The demand for nickel has largely disappeared since the conclusion of peace.

In view of the industrial situation the Provincial Government considered it advisable to maintain and extend its operations whenever possible. Much employment was afforded by a comprehensive plan of road building and by the extensive development at Chippawa. Further undertakings to afford employment are in hand. The Government was under the necessity of asking for funds for these and other purposes. All such requests met with a ready response and the revenues of the Province were well maintained. On the whole, Ontario passed through a difficult period with most encouraging results and unimpaired prestige. Progress was made in the settlement of the North Country, particularly along the route of the Transcontinental Railway, and the settlers taking up land are of a type well adapted to pioneer life. The people of this province regard the future with confidence, not only for Ontario but for all Canada.

SASKATCHEWAN

W. M. MARTIN

Premier

SASKATCHEWAN shares in certain conditions at present common to the civilized world, but notwithstanding a crop that did not reach the high expectations once entertained, and the serious fall in the prices of agricultural products the prevailing tone is one of optimistic confidence in the future of the Province. I am sure I have the Province behind me when I express the opinion that there are few, if any, parts of the world, which are more rapidly reverting to normal business stability than the Province of Saskatchewan; and this notwithstanding that high costs of labour and transportation combined with falling values are putting a strain on the farming industry which it would be idle to ignore.

I should like to make a passing remark on the matter of certain defaulting municipalities. These defaults are not, if I may use the term normal defaults. They are the results of boom times, and of the lack of due care, and are not the legitimate outcome of any permanent condition. At the time these bonds were issued by the municipalities the Saskatchewan Government had no control. The establishment of a Local Government Board whose sanction is now necessary, will make this defaulting practically an impossibility in the future. As I pointed out last year our debt account is on a very satisfactory footing, when the difference is considered between liabilities which represent investments, and those which are a dead-weight on the revenue. Saskatchewan has its share of unemployment, but owing to our high percentage of rural as compared with urban population it is probably a less serious problem with us than with any other part of Canada. The success of Saskatchewan stock and grain in Interprovincial and International exhibitions has been very gratifying during the past year, and gives another proof, were it needed, that Saskatchewan can hold its own anywhere not only for quantity but for quality.

It only remains to add that notwithstanding the temporary cloud caused by the shrinkage of values, I myself, and the people of Saskatchewan generally were never more confident that our Province is on a sound basis, and that a great future is in store for it.

ALBERTA

G. H. GREENFIELD Premier

WITH the passing of the year 1921, Alberta emerges from the most trying year in her history. In common with the rest of the world we have felt the repression and unrest consequent upon the necessary re-adjustment and re-adaptation to new conditions following in the wake of the Great War. Unfavorable climatic conditions during the summer turned the promises of an exceptionally fine spring—which had encouraged the seeding of a larger grain acreage than ever before—into a partial crop failure over a portion of the southern part of the province. In the central and northern sections of Alberta the crops turned out satisfactorily. The fall season was favourable to harvesting, threshing and shipping operations. Following the harvest came a serious decline in grain prices, which had a depressing effect upon the farmer's business as had also a general decline in live stock prices. In spite of this combination of unfavorable conditions, Albertans are facing the new year in neither a depressed nor pessimistic mood. It is not characteristic of the Albertan to be pessimistic. The Province contains so much in the way of natural riches, that this, coupled with the optimistic and recuperative tendencies of the people brings me to say that the outlook for 1922 is both hopeful and encouraging. Alberta's varied resources, her widespread activities and her abounding natural wealth, give her people a buoyant and hopeful spirit that is redoubtant even under what might be thought a fair measure of adverse conditions.

The recent census shows that we have 86,000 farms under cultivation in the Province. The year 1921 has turned the thoughts of many of our farmers in two directions, both of which will place their mark upon the future of Alberta. The hope of the southern part is in irrigation and conditions this year have intensified efforts in this direction in a manner which must ultimately mean great things. A man would be indeed a prophet who could completely forecast what irregularity will mean to Southern Alberta. Another far-reaching effect of 1921 conditions will be that the thoughts of the farmers will turn more towards "mixed farming." Probably the most concrete way of showing the wisdom of this is in indisputable figures which everyone understands. Edmonton is the centre of Alberta's mixed farming operations and during the past few months, when bank clearings have been declining, Edmonton has kept a higher point on this business barometer than any point in Canada.

The dairying industry continues in a satisfactory condition with figures indicating an increase over 1920. Alberta dairy products have earned, and hold, a high place both at home and in the markets outside the Province.

The coal mining industry has had a good year. As the prairie provinces fill up with people, our mining industries must become of greater importance.

In an industrial way Alberta is making steady progress. This year's discovery of iron ore deposits in the northern part of the province has a meaning which presages great industrial development. The oil drilling operations in many widely scattered sections of Alberta bring hopes of tapping further sources of natural wealth. The timber resources of Alberta should lead capital into the establishing of the pulp and paper industry in Alberta.

The Peace River country has had a very good harvest and is bearing out the promises of the past. The great Northland, stretching away to the Arctic Ocean has in 1921 come into prominence through discoveries of natural wealth in abundance. 1921 had witnessed a wonderful improvement in transportation facilities into the North. The Canadian Pacific Railway operates the lines into the Peace River country. The Alberta Government has much improved the A. & G.W. Railway from Edmonton to Fort McMurray

and the traveller or tourist can now make the trip into the farthest north in comfort and expeditiously, by railway and steamboat service, through a land which a few years ago was tight-locked against any but the most-venturesome spirits.

Perhaps the most encouraging feature in our future outlook is to be found in the increasing attendance of students at the University of Alberta, this winter some twelve hundred students being enrolled. There is refreshing hope for the future of the basic industry of this province when it is known that the number of students taking the course in Agriculture is the largest in the history of the University.

The fact that Alberta people in a year like 1921 have invested considerable sums of money in Alberta Provincial Bonds is an indication of the faith and hope which is in the hearts of our people.

I consider that in Alberta we can hold no gloomy views of future outlook but rather we must see much that makes for both hopefulness and optimism. Our greatest resource remains intact in the manhood and womanhood of our country and in the industry and ambition of our citizens.

PRINCE EDWARD I.

JOHN H. BELL

Premier

PRINCE EDWARD ISLAND has had a good average year in nearly all of her varied productive industries. Nearly four-fifths of the population of the Island are dependent upon agriculture while the remaining one-fifth are occupied in the various callings of the towns and villages, and in fishing and fox-breeding. Upon the success of agriculture therefore the prosperity of the trading, the professional and other classes very largely depends. Manufacturing is not extensively carried on.

During and since the war down to the close of 1920 the farmers had been generally more prosperous than at any like period in the history of the province. War prices for all they could produce enabled them to make more money, spend more money and at the same time to save or invest more money than during any previous seven years. The Collapse in prices combined with a rather dry season greatly reduced the aggregate value of farm production, which owing to the season was somewhat less in quantity than last year. The principle staple field crops are hay, oats and potatoes. Good harvest weather enabled them all to be saved in prime condition. Hay still commands war prices, while the price of oats and potatoes has been greatly reduced. Even here there was a measure of compensation in the fact that seldom if ever before had the potato crop proved to be so uniformly sound.

In regard to fish the value of the annual catch for many years past has ranged from about a million to a million and a half in dollars, with little marked difference in quantity. Fish went up in price as meats did and has come down the same, the value of the catch this year being much less than in recent years. The larger moiety of the value produced in recent years. The larger moiety of the value produced 200 canneries are engaged for several months in the spring and summer seasons.

Farmers and merchants alike have passed the transition of the past two years by regular process and without financial shock. There have been no business failures. The various branches of the larger banks doing business in the province have had apparently a successful year. The fact that the Provincial Government not long ago adopted a plan of borrowing money direct from the people, is affected in some measure the deposits and withdrawals of money from the savings department of the chartered banks. The government pays 5 per cent. interest on such deposits and gives the depositor the privilege of withdrawing the same in whole or in part at any time without previous notice.

In commercial circles trade has been quiet during the past summer. People had less money to spend and held off from buying, believing that prices would be lower. More recently the fall trade has been quite brisk and a good holiday business seems to be assured as to quantity of merchandise, but at less prices and also less profit than in recent years.

The fire insurance companies have had quiet a busy year if not a particularly profitable one. There have been no big conflagration losses. Perhaps the worst fire of the year was that which recently destroyed the Charlottetown Hospital involving insurance losses of about \$30,000. There have been, however, an increased number of smaller fire losses, notably of automobiles in garage fires and otherwise.

There have also been many cases of reduction of the amount at risk, covering stores and merchandise, owing to diminished stocks. Fire insurance was never more appreciated than it is today, and the prompt payment of losses has established confidence for the future.

Generally speaking all lines of industry, production and business in Prince Edward Island are on a sound and satisfactory basis. The people are as a rule comfortably well-off, comparing favorably in that regard with any other Canadian province. There is very little of actual poverty and hardly more of unemployment than in the years before the war. But the still high cost of living makes unemployment a much more serious affair to the unemployed now than in former years.

HOMESTEAD ENTRIES HAVE BEEN LOW

Decline Since 1911 Has Been Continuous, and 1921 Figure Is Only One-Tenth of Pre-War Figure

HOMESTEAD entries during the fiscal year ended March 31, 1921, in the four western provinces of Canada, numbered 5,389, compared with 6,732 during the preceding year. A recovery is being shown during the present year, however, the total for the six months ended October 3 being 5,652, which approaches the pre-war rate. Total homestead entries for the past 24 years have been as follows:

1898 ... 4,848	1906 ... 41,869	1914 ... 31,829
1899 ... 6,689	1907 ... 21,647	1915 ... 24,088
1900 ... 7,426	1908 ... 30,424	1916 ... 17,030
1901 ... 8,167	1909 ... 39,081	1917 ... 11,199
1902 ... 14,673	1910 ... 41,568	1918 ... 8,319
1903 ... 31,383	1911 ... 44,479	1919 ... 4,227
1904 ... 26,073	1912 ... 39,151	1920 ... 6,732
1905 ... 30,819	1913 ... 33,699	1921 ... 3,784

A statement showing the entries by provinces and by the nationality of the immigrants is given herewith.

BRITISH COLUMBIA MINERAL OUTPUT

An estimate, based on such official returns as were available slightly more than a month before the close of the year, places the value of the mineral production of British Columbia for 1921 at \$24,553,909. The 1920 output had a monetary value of \$35,543,084, so that it may be expected that there will be a decrease of about \$10,989,175, or 30.9 per cent.

The value of the output of the various minerals for 1920, together with the estimated value for 1921, is given below:

	1920	1921
Gold	\$ 2,702,992	\$2,411,020
Silver	3,235,980	1,535,865
Copper	7,832,899	3,720,000
Lead	2,816,115	1,754,400
Zinc	3,077,979	1,723,500
Coal	13,450,169	11,432,644
Miscellaneous mineral	250,490	200,000
Building material	2,176,460	1,776,460
Totals	\$35,543,084	\$24,553,909

NATIONALITIES.	FISCAL YEAR 1920-21.					APRIL—OCTOBER, 1921.				
	PROVINCES.					PROVINCES.				
	Manitoba.	Saskatchewan.	Alberta.	B. Columbia.	Total.	Manitoba.	Saskatchewan.	Alberta.	B. Columbia.	Total.
Canadians from Ontario	76	287	292	10	665	97	273	286	12	587
do. do. Quebec	36	83	150	1	270	46	101	95	1	243
do. do. Nova Scotia	7	26	40	5	78	12	26	40	..	57
do. do. New Brunswick	6	7	38	1	52	3	14	22	1	40
do. do. Prince Edward Island	3	11	21	2	37	11	14	11	1	37
do. do. Manitoba	128	61	44	4	237	193	89	33	3	318
do. do. Saskatchewan	11	67	24	..	105	8	100	22	1	128
do. do. Alberta	2	10	120	2	134	2	12	157	3	174
do. do. British Columbia	..	..	20	7	27	0	5	23	12	4
Persons who had previous entry	97	250	541	13	871	109	268	362	12	751
Newfoundlanders	1	..	7	..	8	2	0	2	0	4
Canadians returned from the United States	..	..	3	..	3	0	1	2	0	3
Americans	40	202	721	10	1072	96	432	581	12	1121
English	131	256	398	33	824	132	268	211	40	651
Scotch	42	80	107	13	242	37	68	73	9	187
Irish	18	29	60	7	114	15	24	33	2	74
French	6	11	15	..	32	13	20	18	0	51
Belgians	11	13	11	1	36	13	12	3	0	28
Swiss	1	3	11	..	15	6	2	7	0	15
Italians	..	1	11	1	19	0	6	1	3	10
Roumanians	..	6	5	1	12	6	27	9	1	43
Syrians	..	..	1	..	1	0	1	1	0	2
Germans	1	7	14	..	22	6	1	19	1	26
Austro-Hungarians	32	52	84	2	170	236	171	117	13	537
Hollanders	1	3	5	..	9	4	3	11	0	18
Danes (other than Icelanders)	8	12	26	..	46	4	12	18	0	34
Icelanders	13	1	..	..	14	10	5	2	0	17
Swedes	6	20	40	5	71	21	52	37	9	119
Norwegians	7	34	42	1	84	14	57	47	2	120
Russians (other than Finns)	12	40	38	1	91	25	66	38	2	131
Finns	8	..	..	..	8	21	7	13	0	41
Serbians	..	..	..	..	..	..	..	..	..	..
Rulgarians	..	..	..	..	..	..	..	..	..	..
Chinese	..	..	..	..	..	..	2	..	..	2
Japanese	..	..	..	..	..	..	..	..	..	..
Persians	..	..	..	..	..	..	..	..	..	..
Australians	..	..	..	..	..	..	1	..	1	2
New Zealanders	..	..	..	..	..	..	..	2	..	2
Hindoes	..	..	..	..	..	..	..	..	..	..
Hebrews	..	..	..	..	..	..	..	..	..	..
Greeks	1	..	1	..	2	..	1	2	..	3
Poles	4	5	3	..	12	19	22	9	1	51
South African	1	..	..	..	1	..	..	4	..	4
Australian	..	..	2	..	2	..	..	..	..	..
New Zealand	..	..	1	..	1	..	..	..	..	..
Brazilian	..	..	1	..	1	..	..	1	..	1
South American	..	..	..	..	..	..	..	..	..	..
Armenian	..	..	..	..	..	..	..	..	..	..
Total	725	1670	2871	120	3380	1162	2112	2236	112	5652

Provincial Legislation for the Year 1921

A Brief Summary of the Principal Changes Made by the Legislatures, as Affecting Finance and Industry—Every Province Had a Session in 1921, and British Columbia Had Two

TAKING their cue from public opinion, and following the lead of the Dominion, the provincial governments passed no legislation of a radical character in 1921. In the first place the volume of legislation was not great, and the new statutes are extensions of measures already in force, or adoption of reforms already in force in some other province, rather than innovations. The effect of 1921 legislation in the provinces will be that expenditures will be increased, and that a corresponding effort was made to raise more revenue is seen from the increased taxes levied, while wealth and business are called upon to pay bills, however, there has been in evidence a tendency to faster industry, which is no doubt due to the difficulties it encountered during the war.

The dates of the latest sessions of the provincial legislatures are as follows :

	Opened	Closed
British Columbia	February 8	April 2
B. C. (2nd. session)	October 18	December 3
Alberta	February 15	April 19
Saskatchewan (1920)	November 4	December 15
Manitoba	February 10	May 7
Ontario	January 25	May 3
Quebec	January 11	March 19
Nova Scotia	March 9	May 28
New Brunswick	March 17	April 16
Prince Edward Island	March 10	April 30

Quebec and Ontario

Quebec furnished the most outstanding piece of provincial legislation of the year, in two bills, one revising Montreal's form of government and the other creating a Metropolitan Commission with limited jurisdiction over the city and adjoining municipalities. All borrowings must be approved by this commission, and Montreal North, St. Michel de Laval and Pointe aux Trembles, which have been in financial difficulty, must submit their annual budgets to it. Next to these comes the acquisition by the government of the liquor business, whereby distilled liquors can be sold only by the government. Further improvements in finances is the object of a measure prohibiting municipalities from granting assistance in any way to industries; there are also measures for the submission of all loan by-laws to the ratepayers and for the depositing of sinking funds with the provincial treasurer. An item of labour legislation is the prohibitors of strikes on the part of policemen, firemen and other municipal employees.

Ontario passed statutes numbering 140, and the work of the session was comprehensive touching many fields and being supplemented by special committees on rural credits, timber dues, hydro-electric radials, university finances and other matters. In the financial field, the corporations tax, mining tax and successions duties were increased, loan and trust companies had their deposit powers enlarged, and several insurance amendments were passed, the most important being for the purpose of bringing all fraternal societies to a condition of solvency. There was also imposed a tax on land transfers. The Co-operative Credit Societies Act provides for the organization of these societies in any district, to be administered by local boards; at least 10 per cent. of net profits are to be set aside to establish a guarantee fund. Municipal amendments of the session were also numerous, several changes being made in the law relating to assessment of property and income.

The Maritime Provinces

The chief item of the Prince Edward Island legislature's business was the incorporation of the Prince Edward Island Light, Heat and Power Company, with \$2,000,000 capital. This company is backed by outside capital and plans to generate and distribute power throughout the province. There was also an amendment to the charter of the Island

Telephone Company, and some minor changes were made affecting the finances of the province, one making it legal to pay 6 per cent. for money borrowed.

New Brunswick

In New Brunswick financial difficulties arising from the operation of the Valley Railroad occupied the most attention. This road cost the province \$6,608,068, and at present fails to meet interest charges by about \$250,000, so that the burden on the province is heavy. A resolution was passed urging the Dominion government to take it over. Another project affecting the industry of the province closely is the Grand Falls Company, Limited, a subsidiary of the International Paper Company, which at this session obtained a two year extension of time for developing power on the St. John River. Its rates will be controlled by the Public Utilities Commission of the province. Development of the shale, natural gas and oil deposits in Alberta and Westmoreland counties were also discussed at length in connection with a bill to incorporate the Albertite and Oil Shale Company of Canada, Limited. All public utility companies must in future report annually to the Board, according to another act. Telegraph companies were also included under the Corporations tax, being charged 1 per cent. of gross receipts. In all 98 acts were passed in New Brunswick, out of a total of 102 introduced by the government.

Nova Scotia

Nova Scotia passed 199 bills, during the twelve weeks that its legislature was in session. The government, however, did not take action on the resolution passed by the House of Assembly, to the effect that sessional indemnities should be increased from \$700 to \$1,500. The outstanding event was the act providing for the purchase of the Dominion Steel and Nova Scotia Steel companies by the British Empire Steel Corporation. After recitals of the fact that under the Act passed last year the Dominion Steel Corporation and the Nova Scotia Steel and Coal Company entered into agreements with the British Empire Steel Corporation for the acquisition of their shares, which agreements are appended as schedules to the Act, and that these agreements were approved by the shareholders and that the British Empire Corporation has deposited the shares of its stock necessary to carry out the agreements with the depositaries, the National Trust Company and the Eastern Trust Company, the Act declares :

1. That the agreements are valid and binding upon the companies and upon the holders of all their common shares.
2. That all the outstanding common shares of the Dominion Corporation and the Nova Scotia Company became vested in the British Empire Corporation on 16th April, 1912, the date when its shares were deposited.

It provides also that the directors may make regulations for the payment of dividends in the currency of a foreign country, but only in amounts equivalent to the dividends in Canadian currency based on the rate of exchange when the dividends are declared.

Finally it provides that the shares of constituent companies acquired in exchange for its own shares shall not be transferred to any person or corporation without consent of the Governor-in-Council. This provision is the exact parallel of agreements usually made with Stock Exchanges when the shares of a holding company are listed.

Nothing in the Act affects the exchange of preference or preferred shares of the companies which remains entirely at the option of its holders.

The Western Provinces

Municipal finances, and a division of taxes between the province and its municipalities, have for some time been unsettled in British Columbia. These questions were dis-

cussed to some extent at the 1921 session, but at the close Premier Oliver announced that the next session, to be held in the winter, would devote special attention to them. A total of 70 bills were passed, however, out of 85 introduced. The government was authorized to borrow \$4,000,000, at 6 per cent. for the completion of the Pacific Great Eastern Railway, and the rate of interest authorized by loan acts of 1916, 1917 and 1919 was raised to 6 per cent. advances and municipalities to relieve unemployment were approved by the house and several statutes were passed relating to the finances of individual municipalities. A new company's Act and a consolidation of the provincial trust company law were also passed. Prohibition was replaced by a system of government sale, and an arrangement was made with Coast Range Steel Ltd., whereby the government is to give it a bonus not exceeding \$3 per ton of pig iron produced.

The Alberta Legislature passed about 95 bills. Those of most importance to business and finance were amendments to the liquor act, to the Water Users' District Act, to the Agricultural Societies Ordinance, to the Alberta Insurance Act, to the Savings Certificate Act, to the Irrigation and Drainage Districts Acts, to the Supplementary Revenue Act, and to the Wild Lands Tax Act. Acts were also passed to tax travelling shows, to tax land for educational purposes, and to provide for the maintenance of the Edmonton, Dunvegan and British Columbia Railway Co.

The first of the legislatures to meet was Saskatchewan, which placed very little new legislation of a public character

on the statute books. Grants for education were increased, the maximum payment under the Workmen's Compensation Act was raised from \$1,800 to \$2,000, the Municipal Mail Insurance Act amended, and some changes made in the seed grain laws. The total borrowings authorized under the Saskatchewan farm loans system was increased from \$10,000,000 to \$15,000,000, and the total under the Agricultural Aid Act from \$1,000,000 to \$2,000,000. Provincial taxes on travelling shows were increased, other Acts dealt with the Wild Lands Tax and local assessments, while the new legislation was not heavy, the legislature passed three resolutions of importance, the first asked that the federal wheat Board again market the wheat crop, the second urged that branch lines of the Canadian National Railways under construction in the province be completed, while the third asked for tariff reform, including "An immediate and substantial all round reduction of the customs tariff."

Manitoba gave attention to municipal and hospital financing, one act empowering Winnipeg to collect and income tax, while others validated certain bond issues. The legislature decided to abolish the office of public utilities commissioner, and transfer the work to the provincial secretary's department, the government being given one year in which to prepare this change in statutory form. A provincial income tax bill was withdrawn, after much debate. The net profits of corporations were taxed by 2 per cent., and several other taxes increased.

Readjustment in the Steel Industry

World's Demand in 1921 Shaded Down Greatly, With Consequent Effect Upon Production—Prices and Wages Dropped—British Empire Steel Corporation Formed—Authorities Point to Good Future of the Trade

NINETEEN-TWENTY-ONE was distinctly a year of reaction in the iron and steel industry, which, of course, in turn affected the production of coal. That is a general statement of the situation as it existed in Canada, but at the same time it includes all iron and steel producing nations of the world, for business depression was universal, and iron and steel, as a basic industry, was greatly affected.

In the previous year demand and prices had maintained a steady upward trend. In fact, in the earlier parts of 1920 there had been an insatiable demand, of world-wide nature, which, according to an authority in the industry, taxed the producing capacity of this continent. But when November of that year had passed, a great change was noticeable. Factories and plants were partially closed through lack of orders, the only work being that which was placed when the outlook was not obscured by a too uncertain future and when the warning of economists still went unheeded, and a few odd orders.

As this old work began to reach completion, and the small new orders were executed, the outlook became more clouded, and new phases began to enter into the situation besides inactivity. So that the early months of 1921 found the iron and steel trade undergoing a great change, with prices falling steadily and the cost of labor and operations following a similar course, which conditions, practically speaking, continued throughout the entire twelve months.

There was a great need for steel, but in view of the conditions the prospective buyers naturally went on strike, except in most urgent cases, and it seemed that the lower the prices went, the more buyers withdrew from the market in anticipation of much lower levels.

Looking Abroad

When the first signs of depression came upon the horizon, Canadian manufacturers lifted up their eyes to see if there was any chance of recouping themselves by placing more orders abroad, but investigation showed that conditions in Great Britain and the United States, particularly, were as bad as here, if not worse.

In England, shipowners, shipbuilders, and steel and iron makers were regarding the future with considerable misgiving, and their fears were not imaginary, as subsequent events showed. Shipowners, alarmed at the steady decline in freights, caused a kind of armistice, in which the shipbuilder was appealed to for suspension of manufacture upon those ships which were in the state of semi-completion, the shipowner contending that it was simply commercial suicide to construct vessels costing over three times their pre-war value with freights approximating to those in 1914.

As a result of those very considerable suspensions, the shipbuilder had to approach in like manner the steel maker, the effect of which upon production and prices, is readily apparent. This is just one phase of the whole situation, but it is sufficient to show just what was taking place, and what steel manufacturers had to contend with.

The situation in the United States was much the same, and a good many of the companies were forced to cut their dividends in the second quarter, when the chance for profits in the third and fourth quarters did not look any too good. The United States Steel Corporation, although suffering proportionately to the same degree as the other companies, did not cut its dividend when others were obliged to take that action.

Exports and Imports.

While there are no official figures of production as a whole last year, there are some statistics which will help us to reach a fairly good conclusion as to how conditions really were. The following shows the trend of exports and imports during a period of twelve months from October, 1920:—

	Exports	Imports	
		Dutiable	Free
1920			
October	\$6,732,494	\$3,981,764	\$18,779,418
November	7,780,512	4,011,236	16,597,180
December	8,627,564	3,214,544	15,419,206
1921			
January	4,635,564	2,015,129	10,858,743
February	3,821,966	2,175,389	11,610,505

March	4,021,568	1,885,519	13,625,618
April	2,537,552	1,390,677	10,099,356
May	3,030,082	1,078,655	10,244,014
June	1,786,291	818,722	9,043,479
July	1,687,934	1,049,644	8,492,672
August	1,631,933	1,190,092	8,531,831
September	1,199,105	1,026,126	7,099,765

Exports for the twelve months ending September, 1921, amounted to \$35,392,217, as compared with \$62,009,007 in the previous year, and \$67,030,146 in 1919. From the above figures it is evident that Canada is still an importing country in iron and steel.

Reflection of Security Prices.

The security markets enable us to take a glimpse at the way individual companies were affected, which would not be possible otherwise. The trend of stocks on the exchanges throughout the year is shown in the following brief figures :

	First six months		Close Oct.
	High	Low	
Canada Car and Foundry	43	30	18½
Dominion Iron, pfd.	82	75	61¾
Dominion Steel	49	23	24¼
Seetl Company of Canada	64	43	62¾
British Empire Steel Corp.	9¼	9	8½

In connection with the above, it must be remembered that in the case of the British Empire Steel and the Dominion Steel, for several months there was some uncertainty as to value of stocks because of the exchanging process which was taking place. This would adversely affect prices.

A peculiar situation at the beginning of the year in the case of nearly every company manufacturing steel or steel products here and abroad, was the opposition at first given by labor to wage cuts. After some little strife, common sense prevailed, and men saw that such a movement was inevitable. The total reduction made by the British Empire Steel Corporation during the year was forty per cent.

Larger reductions were made in the United States. For instance, the Steel Corporation reduced wages during the year by forty-five per cent. Since January, 1904, up to May, 1921, any change in wages had been upward. The peak of wages was reached in February, 1920, when they were increased to \$5.06 for common labor. The latest reduction brought this scale down to \$3.00 per day. This variation of wages followed closely on the changes in prices of steel, etc. The average price per ton of eight principal steel products immediately before the war was \$38.03. During the war the average for the same commodities arose to \$85, and since then has descended to \$49.60 per ton, and slightly less.

The Demand of Railways.

The Canadian railways helped business somewhat by placing small orders for rails, in which the British Empire Steel Corporation and the Algoma Steel Corporation partici-

	Jan.	Apr.	July	Oct.	Nov.
Pig Iron, Basic	\$ 45.00	32.00	25.00	25.00	24.00
do Foundry	42.50	35.00	31.00	31.00	31.00
Mild Steel Billets, 4 x 4 and larger	45.00	35.00	26.00	26.00	25.00
do under 4 x 4	55.00	45.00	40.00	40.00	37.00
Open Hearth Steel Ingots	58.00	48.00	43.00	43.00	40.00
do Steel Blooms	50.00	40.00	36.00	36.00	35.00
do Steel Rails	75.00	60.00	60.00	60.00	55.00
do Mild Steel Bars*	3.50	3.00	2.50	2.50	2.25

*Per 100 lbs.; All others per gross ton.

pated. But the work secured from this source was not as great as expected. However, the steel companies are still living in anticipation of big business in the future.

At the beginning of 1921, a steel expert made the prediction that following the stabilization of wages and prices, orders will be issued in Canada that will tax the Dominion iron and steel plants to capacity. His reasoning was not based on mere supposition, but on a good foundation, and in substance it is this :

Virtually no rails have been manufactured in Canada for six years. The railway mileage in the Dominion is not far short of 40,000 miles. As the life of a rail is about ten years, on a reasonable estimate there should be a replacement of one-tenth of the total mileage per annum. This means that in normal times to supply wastage 400,000 tons of rails should be furnished each year. At the present time there is an arrearage of more than two million tons to overtake, in addition to 400,000 tons per year, ordinary wear and tear.

British Empire Steel.

Foremost among the several noteworthy features of the year, was the formation of the British Empire Steel Corporation. From an amalgamation of nine or ten enterprises, the merger dropped to three, two of which were the original basis for amalgamation for years past. The corporation now embraces the Dominion Steel Corporation, and subsidiaries ; Nova Scotia Steel and Coal Company, and subsidiaries ; the Halifax Shipyards, Limited. The original proposals were the cause of a good deal of strife and of the resignation of several notable directors from the boards of the larger concerns. But the new arrangements met with general approval, and shareholders passed upon the plans with little if any comment.

The magnitude of the new enterprise is hard to conceive, even though it is only about one third of what was at first anticipated. The British Empire Steel Corporation owns coal, iron ore and limestone deposits, lumber properties, water powers, marine properties, including loading and discharging plants, dry-docking, shipbuilding and ship-repairing establishments, and steel plants and car works. In short, it owns and operates its own supplies of raw material, its own complete series of plants for working these up at every stage, and its own tidewater properties and steamship lines transport to all parts of the world, and expressed in dollars and cents, these are worth \$169,000,000, according to the figure of the combined assets submitted at the time of the merger.

Price Movement in 1921

The Algoma Steel Corp., Sault Ste. Marie, supplies the following figures of prices for 1921, which are typical of the trend of the iron and steel market as a whole. They are all F.O.B., on the company's plant, and all standard specifications :

	Jan.	Apr.	July	Oct.	Nov.
Pig Iron, Basic	\$ 45.00	32.00	25.00	25.00	24.00
do Foundry	42.50	35.00	31.00	31.00	31.00
Mild Steel Billets, 4 x 4 and larger	45.00	35.00	26.00	26.00	25.00
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do Steel Rails	75.00	60.00	60.00	60.00	55.00
do Mild Steel Bars*	3.50	3.00	2.50	2.50	2.25

*Per 100 lbs.; All others per gross ton.

MANITOBA BEE COLONIES WORKING

Honey produced in Manitoba bee colonies in 1921 approximates 1,000,000 pounds, according to a report placed before J. H. Evans, deputy minister of agriculture. Mr. Evans said the number of hives in the province had doubled since the spring of the year and beekeepers have had an exceptionally successful season.

Manitoba now has 14,721 colonies of bees. Last spring

the number was 7,593. An average of 118 pounds of honey was produced in each hive, bringing the production up to 903,000 pounds.

Mr Evans compared the production in Manitoba with that of British Columbia. That province produced an average of 30 pounds per hive and 309,074 pounds from 10,329 colonies. The deputy minister pointed out this is the first year Manitoba has been engaged in bee-keeping to any great extent and he was well pleased with the results.

BANKING



BANK OF MONTREAL

Established over 100 years



Head Office: MONTREAL

Capital Paid Up - \$22,000,000
Rest - - - - - 22,000,000
Undivided Profits 1,501,646
Total Assets - - 517,403,162

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With branches in every part of the Dominion and Newfoundland, with offices in the principal financial centres elsewhere, and with correspondents in all parts of the world, the Bank of Montreal offers unexcelled facilities for the transaction of every class of domestic and foreign banking.

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A Savings Department at each Canadian Branch
 Interest at current rates

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NEW YORK AGENCY: 64 Wall St.

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SPOKANE, Washington.

SAN FRANCISCO: British Ameri-
 can Bank (owned and con-
 trolled by the Bank of Mont-
 real).

MEXICO: City of Mexico.

NEWFOUNDLAND: St. John's,
 Carbonear, Curling, Ferryland,
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 pond and St. George's.

WEST INDIES, BRITISH GUIANA
 and WEST AFRICA: The
 Colonial Bank (in which an
 interest is owned by the Bank
 of Montreal).

Review of Canadian Banking in 1921

Decline in Deposits, Loans and Other Accounts is Incidental to Course of Prices and the Condition of Business—The Rural Credits Movement—The Foreign Exchange Situation

BY A. B. BARKER.

AT the meeting of the shareholders of the different banks in the early part of last year a slowing up of business was referred to, and a necessary contraction of credit was foreshadowed by the executive heads of these institutions. This feeling was not confined to Canada but was general throughout the business world everywhere. The Chairman of the English banks spoke of similar conditions there. Mr. Leaf, Chairman of London Counties Westminster & Parr's Bank Limited, in his speech, laid stress on the essential function of a bank. He said:

"The part which banks play in industry is, I believe, much exaggerated in popular opinion. It must always be remembered that bankers do not create wealth—it is only within very narrow limits that they can create credit. Credit is based on production and savings which increase bank deposits; the function of banks is mainly directive. They can influence in one direction or another the employment of funds which their customers place with them, but in the amount of credit which they can dispose of they are neither creators nor free agents; they are strictly limited by their own resources."

His remarks apply very forcibly in Canada where many appear to have quite other ideas of bank credit.

Invasion of Banking Field

One notable feature in the banking situation here has been the entry of the Ontario Government into the banking field following Manitoba's action the previous year. The motive in each case is to provide additional accommodation to farmers, both in connection with funds for the purchase of land and machinery, and for the actual operation. With the object there is of course no quarrel. Farming is one of the basic industries and unless the farmers of the country prosper the outlook will be unpleasant for the rest of the community. As to whether the methods chosen will be successful or not only time can tell, and there is considerable doubt as to whether sufficient margin has been left for expenses and for unforeseen contingencies. In the plan as outlined these have no doubt been allowed for, and if everything worked out in practice as it does on the blackboard it would be very pleasant, but unfortunately there are always delays, and sometimes these are at critical times.

However, the experiment was bound to come, and its results will be watched with considerable interest. There will be little difficulty about getting out the loans, and at first deposits will undoubtedly come in, but the test will be how the advances are paid, and when, as must inevitably happen, some of these are renewed, how the withdrawals of depositors for various requirements will be arranged for. Will the Department attempt to hold adequate reserves to take care of the usual day to day business of this kind, or will it expect to rely on the banks in the event of unlooked for withdrawals at any time, borrowing at current rates for the purpose? The Dominion Government Savings Bank and the Chartered Banks pay the same rate of interest, but for some years now the deposits in the former have steadily decreased.

Banks' Services to Their Depositors

The real reason is in the superior service given by the banks to their depositors. A man has \$100 in the Government Savings and decides to use it. First he goes to the local post office, fills out the necessary blank, signs it, and hands in his pass book, the official noting the amount requisitioned and stamping it with the P. O. stamp. This form is then sent to Ottawa, where the regular cheque is made out and sent to the depositor by

mail. This means a second call at the post office, and then he has to find some one to cash the cheque. If the postmaster has the funds at hand, well and good, but otherwise the depositor may have to travel to the nearest branch bank. It is this necessary delay more than anything else which is responsible for the shrinkage of the deposits. When a man has funds in a branch bank and decides to use part of his balance, one trip is sufficient; there is no delay; he draws his cheque and obtains the cash in a few minutes.

As there will of necessity be a similar delay in withdrawing funds from the Provincial fund, this will largely offset the extra one per cent. Most will consider the bank service worth the difference.

The regulations of the new department appear to segregate the deposits from the funds secured by bond issues, the former to be utilized entirely for short date loans, and any advances for the purchase of land or machinery to come solely from the issue of special bonds. Any other system would spell trouble.

Bank Figures Have Fallen Off

Bank deposits, loans and discounts, call loans, all show a decline from the previous year, but as the purchasing power of money has materially increased during the same period, the reduction is more apparent than real. Circulation is down from the high level of 1920, the prices of commodities having fallen, less currency is required in the ordinary daily buying and selling.

Acceptances under Letters of Credit are reduced about 50 per cent., indicating either a falling off in the purchases of foreign goods or a change in the method of arranging payment.

The fluctuation in the rates of exchange will account for much of this, as buying abroad on long terms of credit at the present time is simply gambling in exchange. This uncertainty as to the value of these funds is one of the chief obstacles to foreign trade, as it is impossible to base contracts intelligently unless these fluctuations can be estimated within reasonable limits.

Foreign Exchange Rates

During the year Foreign Exchange has fluctuated in a very wide range. Sterling between 4 and 4.49, and New York Funds ruling all the way between 17 per cent. premium and 8 per cent. premium. The fall in this latter is probably due chiefly to heavy Canadian borrowings in the American market through the flotation of securities there. The proceeds of these issues come to Canada in the shape of goods, not money, and this is true whether these goods come in after the issue is floated, or whether, as in the present instance, the proceeds are used to pay for debts incurred previously. Conversely the payment of principal and interest must be made in goods, whether the goods are sold in the country to which payment is to go, or whether they are sent to some other country. In the latter case the funds derived from their sale will be sold in the market of the first country and the debts referred to paid from the proceeds.

The harvest in the West was a disappointment, the wet weather materially reducing the grades. The price has also fallen and this will greatly affect the purchasing power of that section of the country during the coming year.

A Bank Merger Proposed

Since the foregoing was written, the amalgamation of the Merchants Bank of Canada with the Bank of

Montreal has been announced—subject, of course, to ratification by the shareholders and the consent of the Minister of Finance.

The reason given by Sir Montagu Allan, President of the Merchants' Bank, was that a valuation of the assets of the bank at the instance of the Board showed a serious impairment of the Rest.

The exact cause is not stated, and probably will not be given out until the statement of conditions and the Directors' explanations are submitted to the shareholders

when the meeting is called to consider the offer.

The terms as stated are, one share of Bank of Montreal stock and a small cash payment for two shares of Merchants' Bank stock. At present quotations this works out at 115 for the latter.

When the announcement was first made it appeared to be well received, but later some opposition developed, chiefly on the question of principle. Generally, however, the offer is regarded as satisfactory, both to the Bank of Montreal and the shareholders of the Merchants' Bank.

Relation of Bank Deposits and Loans

Loans Have Fallen Off Since September, 1920, With Slight Recovery in September and October of This Year—Course of Deposits Has Been Steadily Downward Since March

WHILE the duties of the modern bank are manifold, its primary function is taking deposits from those who have surplus money, and in turn granting credit to those whose funds are deficient. Our Canadian institutions do quite a substantial business outside of the country, but it is the purpose of this article to deal with the situation as it existed last year in the Dominion only. Other phases are treated elsewhere in this issue.

In view of the above definition of credit, one naturally expects to find in a well-managed bank a fairly good margin of deposits over loans. Our banks have always managed to maintain a pretty good position in this regard, although at the end of 1920 it seemed on the surface to be otherwise. It must be remembered that more things enter into the consideration than current loans and savings deposits, although these are foremost among the various factors.

An accurate survey would take current loans, call loans, loans to provinces and municipalities, and loans to the Dominion Government, and place these up against savings and demand deposits, and deposits of the provincial and Dominion Governments. Even these do not represent the absolutely true condition of affairs, for the bank statement

does not show the loans to the Dominion Government separately, and the figures used under this head partly include Provincial Government securities. On the other side, demand deposits and the funds at the credit of the Dominion Government cannot be relied on to a very large extent as a basis for extending credit.

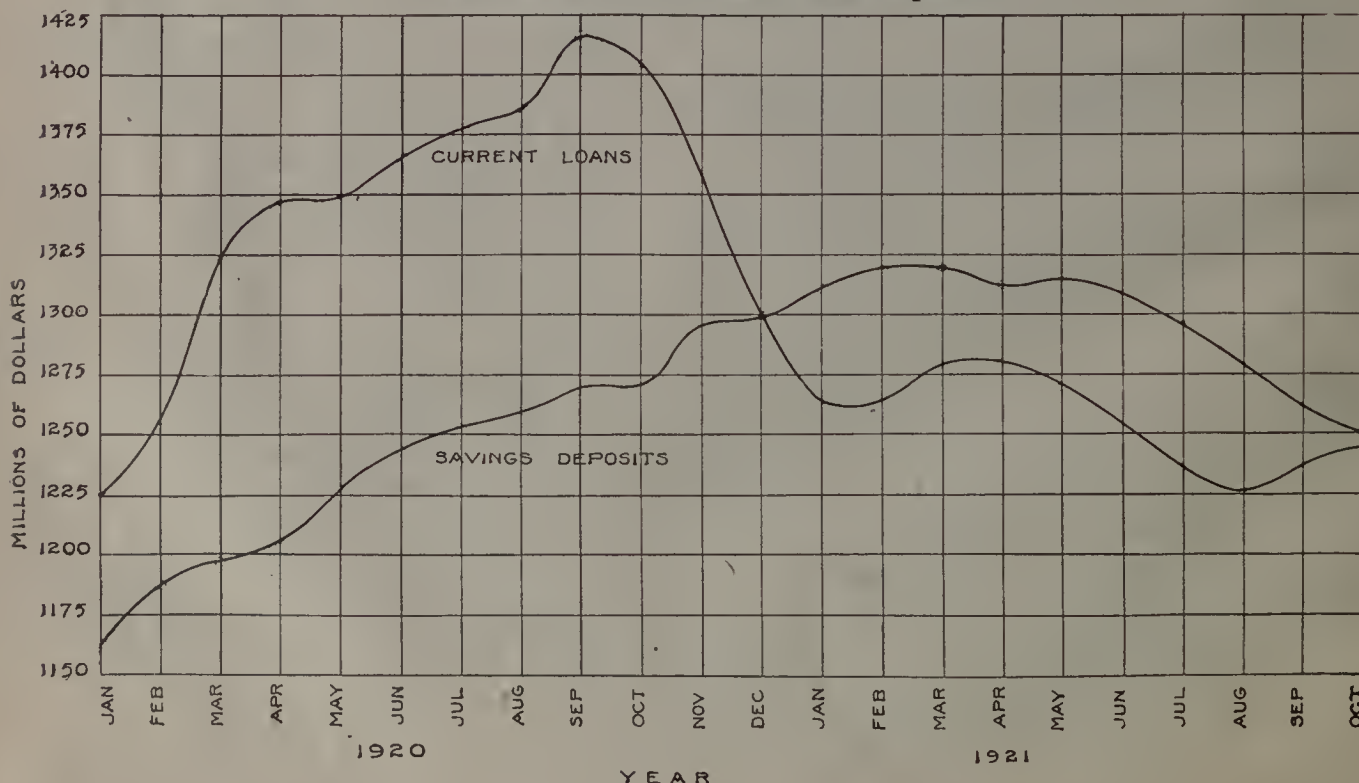
However, the comparison of the accounts represented above gives as good a solution of the problem as is possible, and the results of the past twelve months are quite interesting and illuminating.

An Exceptional Movement

It is a strange but true fact that during the past year and at the present time the margin of deposits over loans is smaller than at the peak of deflation. That may sound peculiar to the one who is in the habit of making a superficial examination of banking figures, for in October, 1920, deposits were in excess of loans by about \$150,000,000, while now the deposits are in excess of loans by approximately \$50,000,000. But it is quite plain upon closer analysis.

When the easier money so freely predicted in the fall

Relation of Bank Loans and Deposits



of 1920 did not materialize, there was a good deal of talk about "frozen credits." The United States banks had considerable difficulty in this regard, and there were "carry-overs" in Canada, but the apparent discrepancy does not lie there. Here it is.

Working on the premise outlined in the opening paragraphs, total deposits declined in the twelve months from October, 1920, somewhat over \$200,000,000. At the same time total loans decreased only a little over \$100,000,000. So that the margin of deposits over loans was reduced by the difference, or \$100,000,000. The total loans at October, 1920, was \$1,723,283,443, and the total deposits, \$2,143,999,682.

The explanation is just this. Half of the decline in commercial loans was offset by an increase in loans to the Dominion Government and to municipalities. There is no need to go into detail here, for the situation has been covered in a separate article. It is sufficient to point to the relation of loans and deposits, and give a reason for the monetary stringency which has existed, and which has puzzled some.

Approaching this problem from another angle reveals the same situation. The ratio of quick assets to liabilities to the public gives a good indication of the movement of

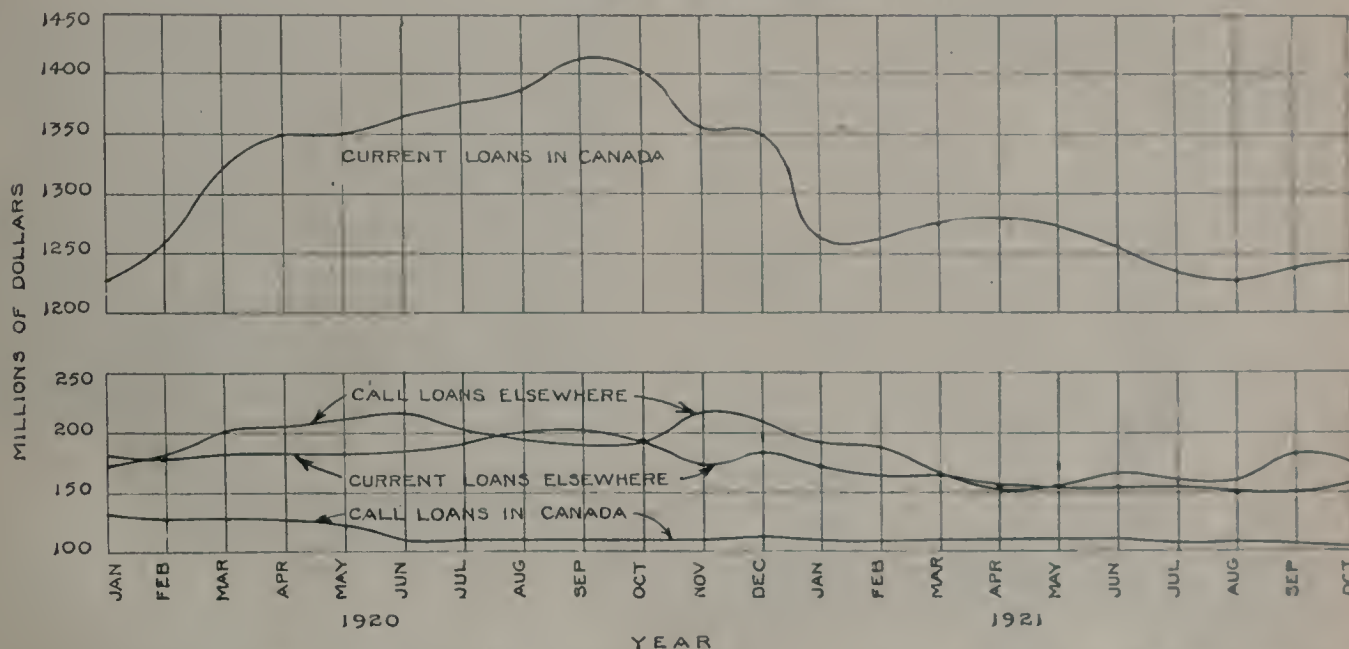
December	1,301,804,342	114,703,246
1921		
January	1,264,490,463	112,474,319
February	1,266,235,381	112,680,497
March	1,280,982,873	113,818,308
April	1,281,145,047	110,289,586
May	1,271,619,261	111,251,143
June	1,256,642,883	110,775,140
July	1,237,093,871	107,552,690
August	1,226,467,704	106,115,117
September	1,239,637,351	106,729,270
October	1,243,748,818	105,362,146

The highest peak ever reached in call loans was in January, 1920, when the figure was \$132,015,384. The high peak for current loans was in September, 1920, at \$1,417,520,756.

One fact concerning current loans which should not be overlooked is concerning the agreement between the ranchers and cattlemen and the bankers, through the medium of the Government. The agreement is of this nature:

"Loans will be given to any cattleman who shows that he has fodder and means of looking after cattle, and that the security given will be the cattle to the full extent of their value. Special consideration is being given to the

Course of Bank Loans



loans and deposits, the excess of the latter over the former being reflected in the trend of cash and equivalent resources. The ratio at November, 1920, was 24.34 per cent. By July, 1921, it was 21.60 per cent.

Current Loans

In view of the deflation which has taken place during the twelve months that have passed, it is hard to detect the usual seasonal movements. Farmers, and particularly the Westerners, have always required large credits during the spring, summer and early fall. They did this year, but not any greater than in the previous year, for prices of grain and other products fell to such an extent.

Call loans fell off largely, due to the dullness in the security markets, but more chiefly to the depreciation in the security prices and the irregularity and uncertainty of the markets. The following figures show the trend of both these Canadian loans accounts:—

Loans 1920	Current in Canada	Call in Canada
August	\$1,385,470,153	\$113,598,923
September	1,417,520,756	114,669,611
October	1,405,401,227	113,135,902
November	1,357,973,118	108,471,340

matter of the period of the loans and the renewals of loans. Until the markets become normal forced liquidation will not be permitted. Ten million dollars is the total credit arranged in order to make a start on this plan, and in view of the agreement the Government will be able to take up with the various banks concerned any case where there has been a refusal of a loan."

Apparently, this has been working satisfactorily, for nothing much further has been said upon the subject. In this way Canadian cattle raisers are being carried over the period of abnormally low prices, by advances from the banks, which are secured by stock.

Deposits Have Shrunk

The shrinkage in deposits during the past twelve months has been considerable, but not out of proportion to current loans. As already pointed out, the total deposits decreased more than the total loans, but that was not the fault of the deposits, but of the unusual situation in loans.

Demand deposits showed a reduction of more than \$100,000,000. However, in view of the big drop in current loans, and the general business conditions which prevailed, this is not a very important consideration. It is just representative of the deflation which has taken place

Of more interest is the movement of savings. At first it seemed as though notice deposits were destined for a career opposite to that of other phases of the banking situation. But such a violation of the economic law was not possible, and in March started the downward trend, which grew more severe as the year proceeded. The following figures show the course of the principal Canadian deposit accounts since the climax of prosperity:—

	Deposits on demand	Deposits after notice
1920		
August	\$640,361,707	\$1,261,647,732
September	677,286,905	1,270,194,097
October	687,651,781	1,271,275,751
November	686,754,094	1,292,009,008
December	657,496,742	1,293,007,488
1921		
January	584,025,710	1,313,093,870
February	561,578,474	1,318,855,482
March	560,937,663	1,319,142,196
April	552,121,294	1,313,832,514
May	552,868,059	1,315,282,372
June	562,194,316	1,308,775,473
July	525,085,166	1,295,226,768
August	527,362,713	1,279,830,731
September	534,307,452	1,263,763,852
October	565,650,636	1,251,323,839

The Inevitable Result

There is only one course which notice deposits can follow in the cycle of depression, and that is downward. For one thing the large amount of unemployment, brought about by the excessive slackness in business, is bound to make substantial inroads on savings. Furthermore, the decline in prices is always accompanied by lower wages. Some sections of labor during the past year have had their pay cut from 40 to 50 per cent. This is bound to be shown in the country's savings. Of course, the family budget is not so costly, because of the drop in prices, and measured on the percentage basis, savings will be what they were in the prosperous time, or near there, but expressed in dollars and cents there will be a big difference.

Another factor which may affect the savings of the people in the banks, is the growing knowledge of investments, which received its initiation during the war loan

campaigns. Many people who were previously content to receive three per cent., from the banks, are now waking up to their opportunities to make six and seven per cent. Interest rates are falling, but will not drop much below six per cent.

One man remarked: "I don't see why I should give my money to the banks to lend out at interest rates more than double what I receive for my funds, when I can do that just as well myself." This possibly expresses the opinion of a good many, although its effect has not yet been reflected in the banking figures. But it is something which the banks may have to contend with in the future.

Increasing Competition

It also seems as though savings deposits in the banks are destined to receive a further set-back through increasing competition from other quarters, chiefly loan and trust and insurance companies.

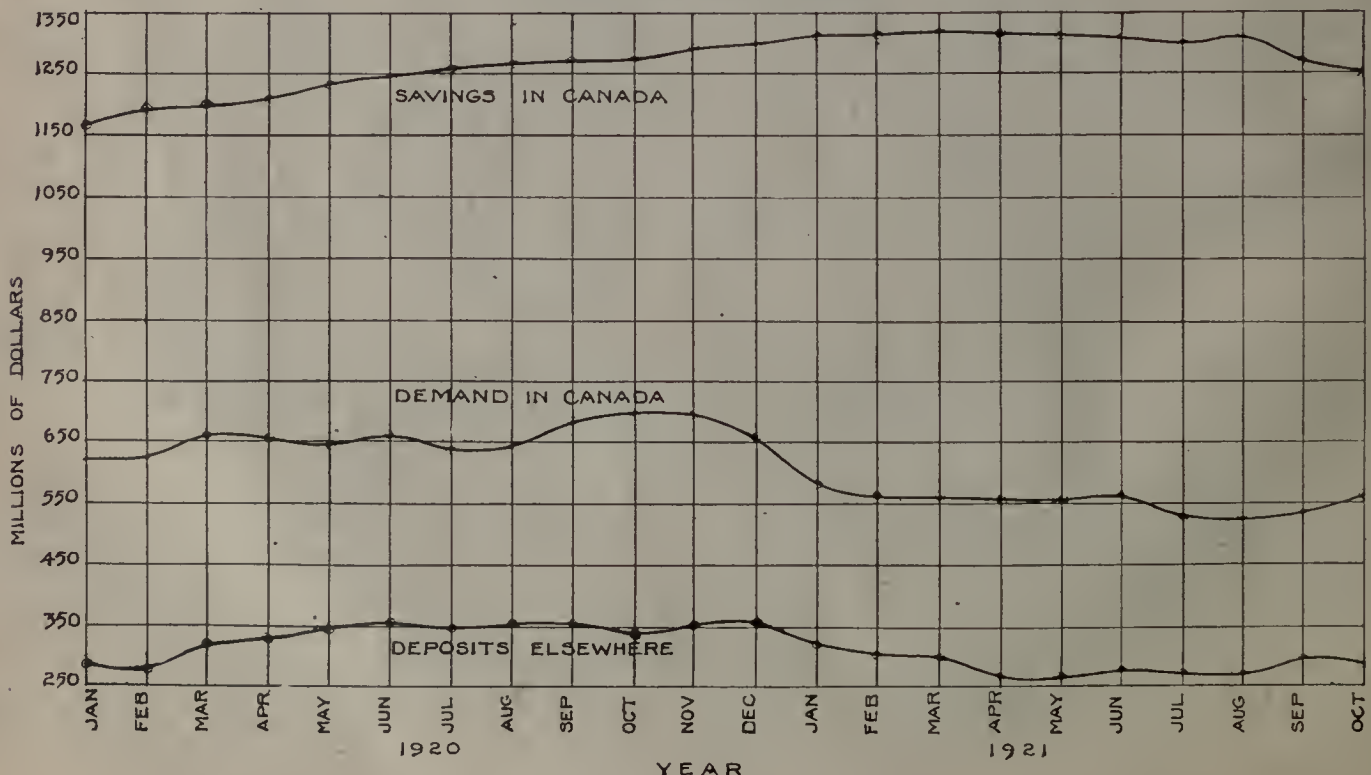
Because sound finance requires depositaries of public savings to be at all times prepared to meet demands upon, strict limitations have been placed on loan and trust companies, which are incorporated under provincial or Dominion laws. Ontario companies have been permitted by legislature to enlarge their deposit-receiving powers. A similar movement is on foot concerning the Dominion companies.

The difficulty as far as the banks are concerned is that the loan and trust companies offer a slightly higher rate of interest. Any wise legislation passed will not jeopardise the public's interest, and the public realizes this. So that some people will be willing to turn their savings over to the trust and loan companies for the sake of the slightly higher remuneration.

As regards insurance, this is a factor which should not be overlooked. All life insurance companies are emphasizing the saving opportunities in insurance and the profitable return. Suffice it to say that most wise young men and women, who would otherwise use the banks for their spare funds, are taking the hint from the insurance agents.

All of these things have not as yet become serious, but it certainly seems as though they are matters which demand the earnest attention of the banks. Bank savings are used to purchase short-term commercial paper, and are vital to the country's business.

Course of Bank Deposits



How Our Currency Requirements Are Met

Government's Gold Reserve As At March 31st Last Was Lowest in Past Eight Years—Government and Bank Note Circulation Has Shown Reduction in Recent Months

AMONG the many trade indices which guide our thoughts concerning the business welfare of the country, perhaps the best in the volume of currency required in the day to day transactions in the field of commerce. Last year was one of readjustment, which is clearly reflected in the trend of outstanding notes of the Dominion government and of the chartered banks since the peak of prosperity in the fall of 1920.

Over a period of twelve months the decline in the combined circulations has been approximately \$120,000,000, or 21.50 per cent. One can appreciate these facts more when it is understood that the index number of commodities has dropped from 326 to 232 in the same period, which means that wholesale prices have fallen nearly 30 per cent., speaking on the whole. There is also the lower trade activity to be taken into account.

During 1920, note circulation largely increased in nearly every country in the world, and while the movement in Canada was not nearly so extensive as in some of the European countries, the issue of specie and subsidiary coin here was very large, and grew all out of proportion to the gold standard.

Despite the fact that the Canadian dollar was at a large discount in the United States, where a sound position was maintained, it was one consolation to note that our money was at a premium in Europe, where currencies were in a hopeless state. Even Great Britain was far from a gold basis.

Gold Ratio Still Low

While there has been some improvement in recent months, the ratio of gold held to Dominion notes outstanding is still low. In November, 1920, the figure was about 29.50 per cent. By March, 1921, it reached its lowest point at 29 per cent. Now it is approximately 31 per cent. Canada's currency was about as near a perfect gold basis in 1914 as it will be for some time to come. Since that year there has been a declining movement. Not only has circulation increased, but gold holdings have dropped. The following table is illustrative:—

	Notes outstanding	Gold held	Per cent.
March 31			
1914	\$114,000,000	\$ 92,000,000	81
1915	152,000,000	89,000,000	59
1916	175,000,000	114,000,000	65
1917	178,000,000	119,000,000	67
1918	281,000,000	114,000,000	41
1919	329,000,000	118,000,000	39
1920	312,000,000	100,000,000	32
1921	278,000,000	80,000,000	29

It is pretty well known upon what basis Dominion notes are supposed to be issued, but by way of review it might be mentioned that under the Act of 1914 a reserve of 25 per cent. in specie against the first fifty millions is called for, and dollar for dollar either in gold or approved securities for any issue over this amount.

Uncovered Amount

The government has adhered to the above principles as close as possible, stepping slightly beyond the mark when the strain became rather great at the height of the crop-moving season of 1920. Of course, the additional issues had to be covered by securities, there being no gold available.

At the end of November, 1920, after taking into consideration the gold and securities held, there was left uncovered notes amounting to about \$56,000,000. The de-

flation has enabled that figure to be reduced to about \$37,000,000, but the proportion of gold has not changed very much. The following table, compiled by The Monetary Times, gives a detailed outline of the course of government note circulation and its security in the past two years:—

	Notes Outstanding	Gold Reserve	Notes Against Securities
1920—			
January	\$303,678,278	\$105,165,301	\$149,289,375
February	305,404,160	105,609,980	151,064,375
March	311,932,791	100,286,280	157,566,725
April	309,142,651	101,636,652	154,262,225
May	300,241,483	102,495,683	146,056,725
June	292,016,290	99,619,182	138,026,125
July	293,541,399	95,510,383	139,749,125
August	292,086,025	95,183,753	138,437,125
September	303,065,376	95,205,901	149,620,125
October	320,012,915	95,222,381	166,715,125
November	326,839,592	96,021,001	173,689,025
December	311,714,486	97,145,774	158,707,960
1921—			
January	293,619,721	98,036,621	140,623,075
February	290,194,519	99,149,529	137,115,075
March	277,882,884	79,514,480	134,632,875
April	263,706,491	81,132,601	147,172,375
May	256,691,698	82,512,482	138,968,375
June	268,769,184	83,854,487	150,879,375
July	263,459,426	85,034,359	145,541,954
August	262,167,315	81,422,054	144,203,800
September	259,923,195	80,645,895	141,961,257

Bank Circulation

The course of bank circulation has naturally been in line with that of the Dominion government's specie issue, falling some \$60,000,000 in the course of a year. The decrease is greater in proportion than that registered by government circulation, because the volume of bank notes is smaller.

The amount of notes outstanding at the end of each month for the past four years, as shown by the banks' statements to the department of finance, have been as follows:

	1918	1919	1920	1921
January ..	\$171,674,464	\$203,421,472	\$216,091,916	\$206,175,921
February ..	176,369,296	204,779,750	223,377,781	207,417,917
March ...	191,058,404	214,576,070	225,769,628	208,94,628
April	180,654,964	208,958,572	223,387,731	203,273,548
May	181,889,959	215,895,050	226,335,037	193,651,999
June	194,681,710	217,608,195	227,775,253	195,675,217
July	187,875,833	206,906,941	231,534,233	193,319,905
August ...	200,839,660	222,461,915	227,373,804	183,500,419
September .	211,623,856	225,907,997	231,094,885	186,797,922
October ..	227,597,808	236,477,479	249,165,797	193,546,363
November .	231,982,978	237,547,162	234,009,923	
December .	221,501,117	222,486,734	228,758,587	

Under the Bank Act, banks are authorized to issue notes up to the amount of their paid-up capital. They are also permitted to issue in excess of the capital by depositing in the Central Gold Reserve an amount equal to such excess in gold or Dominion notes. In addition each bank may, during the crop-moving period from September 1 to April 30, inclusive, issue up to 15 per cent. of its combined capital and rest, and on this excess interest must be paid the government at the rate of 5 per cent. per annum by way of tax. As a war measure this excess was authorized by the Finance Act of 1914, during the balance of the year, but this has not been availed of to any extent for

the last few years, the banks preferring to use the gold reserve.

The following table will make the above facts quite clear (ciphers have been omitted):—

	Cap.	Notes	Reserve	Excess
1920				
October	\$127	\$249	\$119	\$3,000,000
November	128	234	115	.....
December	128	229	113	.....
1921—				
January	128	206	90	.....
February	128	207	88	.....
March	129	206	95	.....
April	129	203	89	.....
May	129	193	84	.....
June	129	196	79	.....
July	129	193	77	.....
August	129	184	75	.....
September	129	187	75	.....
October	129	194	75	.....

It must be understood that the deposits in the Central Gold Reserve are only partly gold, the figure now being about \$10,500,000, with the balance in Dominion notes. It will be realized then that the decline in the bank circulation during the past year has had an important effect upon government circulation, because the need for Dominion notes for reserve purposes has been much smaller, as the above figures indicate.

Seasonal Movements Not Apparent

Because of the effect which was produced by the readjustment in business, the usual seasonal movements in circulation generally, were not apparent. Circulation commences about February, due principally to the requirements of the lumber industry. March also calls for increased circulation, as in this month lumbering camps are paid off. In April and May most of the circulation is redeemed as the lumbermen return from the woods and pay their family bills for the winter.

June shows considerable rise in issue, as navigation opens, lumber drives are completed and men are paid off. July is usually redemption month, for many factories close for stock-taking, and in addition, being the centre of the holiday season, payrolls are reduced. Many people also leave the country for abroad, and purchase travelling funds.

August calls for more money as farm products are being disposed of, and the issue gains momentum through September, October, and November, as the grains and other products are being marketed. In December and January the return of currency after the crop movement takes place. Of course, these movements will be affected by early or late seasons.

The figures of average circulation given in the bank statement each month, show some very interesting results in the past few years. The following table shows the highest and lowest monthly average since the beginning of 1917:—

	Highest	Lowest
1917	\$208,753,337	\$142,589,098
1918	242,309,082	181,695,542
1919	248,073,385	210,894,809
1920	253,576,534	223,979,666
1921	229,608,213	197,461,372

A detailed analysis, if there were room to give it, would show that during the years the lowest point has always been around February, and the highest around November or December. The past year has been an exception, however, because of the unusual events.

During the first week of May, 1921 the additional \$500,000 of National Trust Co. stock, issued in June, 1920, was listed on the Toronto stock exchange.

At the 1921 session of the Quebec legislature, the organization periods of the Scottish Trust Co. and of the Anglo-American Trust Co. were extended to July 1, 1921.

BANKERS' ASSOCIATION EDUCATIONAL COURSES

Lectures Inaugurated in Montreal and Toronto Now
Supplement Correspondence Courses

By A. B. BARKER

THE various educational courses under the auspices of the Canadian Bankers Association are attracting an increasing amount of attention in the profession, and the number of students enrolled for both the senior and junior work is growing steadily year by year. These courses are by correspondence, and have been chiefly used by members of the staffs of the different banks below the rank of Manager, though many of the junior managers have taken advantage of the opportunities afforded by these systems of directed reading and study in both practical and theoretical banking.

Popular With Managers

In addition to these courses, which have now been in operation for about ten years, a series of lectures on banking and mercantile law and similar subjects was instituted in Toronto and Montreal last year under the supervision of local educational committees, and these have had marked success. These have in particular appealed to the Managers, so much so in fact, that many men below that rank have been crowded out this year, as only a limited number of students could be accommodated, and the response was far in excess of expectations.

In the country branches, however, a system of this kind is out of the question, and the method most satisfactory for those in the outside branches is the correspondence course. In this, the subject of study is divided into a number of lessons, with a list of questions at the end of each, based on the matter dealt with. These are answered in writing, and reviewed by an instructor who returns them with his comments. For the students in the Associates and Fellows Courses this is of peculiar benefit, as it gives them an opportunity of asking questions on points which occur to them in their reading, and which may not have come before them in actual practice.

Need for Training

The development of banking in Canada, through the wide extension of the branch system, has made such a method of education absolutely essential. In the old days of banking, when the number of branches was very limited, the men had opportunities of seeing the different classes of business, as in the ordinary course of his service in the bank a man would get experience in both city and country branches.

Also promotion was slower, and it was usually a matter of ten or twelve years before one could expect a manager's post, and the experience gained in that time would in all probability have covered something of all of the problems likely to present themselves. That system of education was the so-called 'practical,' so dear to the old timer, but after all it was in many cases merely a drilling in the routine work, it gave no idea of the theories on which the practice was based.

Theory in some quarters is looked on somewhat scornfully. But itself, of course, it is a weak sister, and must be allied to practice in order to produce results. Theory, however, is a statement of the reasons for any procedure, and unless a practical man can give his reasons, when he wants to convince others, he will not go far.

The courses referred to cover a wide range, economics, practical banking, foreign exchange, accounting, and auditing, and also a course in Spanish.

Value of Training

The banks offer many inducements to the members of their staffs to take up these courses. They will advance the fees, and if the student passes, the debt is usually cancelled, in part, if not altogether, and some banks offer a

bonus to students who attain a certain standard in the yearly examinations. It is understood, too, that this standing will have a bearing on the promotion of an officer, though so far it has not been made obligatory. Whether there will ever be an actual rule to this effect is doubtful, but in practice it is bound to be more or less the case, as the problems of business are becoming more complicated, and will therefore require the services of men with a higher technical training. This has long been recognized in Great Britain, where the Institute of Bankers has for many years

had in operation a system of education for bankers on the lines on which the Canadian banks are operating.

In the United States, the New York banks have taken hold of the matter in a thorough way. There the larger institutions maintain schools of their own. The National City Bank, in preparing its men for service abroad, gives them a thorough grounding in the laws, business and banking customs of the country to which they are to be sent, knowing that, unless their men are thus equipped, their efforts as representatives of the bank abroad will be seriously handicapped.

Canadian Banks' Net Profits and Dividends

BANK.	1911 Net Profits \$	Divi- dend %	1912 Net Profits \$	Divi- dend %	1913 Net Profits \$	Divi- dend %	1914 Net Profits \$	Divi- dend %	1915 Net Profits \$	Divi- dend %
(1) Bank of Montreal	2,276,519	10	2,518,409	10+2	2,648,403	10+2	2,496,452	10+2	2,108,631	10 2
Quebec Bank	276,392	7	294,804	7	309,228	7	296,659	7	233,420	7
Bank of Nova Scotia	815,519	13 & 14	970,554	14	1,210,774	14	1,196,117	14	1,220,057	14
(2) Bank of North America	632,117	8	678,506	8	689,745	8	536,577	8	328,595	7
Bank of Toronto	677,964	11	835,787	11+1	*1,050,693	11+1	829,538	11+1	663,074	11
The Molsons Bank	712,539	11	684,779	11	694,356	11	608,196	11	556,193	11
La Banque Nationale	262,513	7	293,564	7	302,304	8	319,903	8	333,207	8
(3) Merchants Bank of Canada	1,179,581	9 & 10	1,338,884	10	Δ 533,653	10	1,218,694	10	995,431	10
Banque Provinciale du Canada ..	184,398	5	185,165	6	190,126	6	194,214	7	196,355	7
Union Bank of Canada	662,437	8	706,832	8	750,095	8	712,440	8+1	659,688	8+1
Canadian Bank of Commerce ...	2,305,409	10	2,811,806	10+1	2,992,951	10+2	2,668,233	10+2	2,352,035	10+2
(4) Royal Bank of Canada	1,152,249	12	1,527,324	12	2,142,100	12	1,886,142	12	1,905,576	12
Dominion Bank	704,045	12	901,529	12+2	950,402	12+2	925,364	12+2	805,123	12
(5) Bank of Hamilton	443,506	11	495,860	12	498,273	12	485,265	12	424,274	12
Standard Bank of Canada	381,601	13	462,079	13	555,095	13	621,463	13	563,401	13
Banque d'Hochelaga	415,000	9	481,616	9	534,700	9	566,614	9	530,237	9
(6) Bank of Ottawa	595,228	11	640,220	11 3/4	706,740	12	620,691	12	531,268	12
Imperial Bank of Canada	841,692	11 & 12	1,004,340	12	1,125,971	12	1,236,984	12	1,031,359	12
Home Bank of Canada	121,941	6	140,030	6 & 7	167,125	7	163,929	7	133,406	5
(7) Northern Crown Bank	285,964	5 & 6	291,094	6	281,167	6	201,280	6	100,789	NH
Sterling Bank	107,876	5	113,400	6	114,200	6	115,111	6	145,290	6
Weyburn Security Bank	26,682	2 1/2	63,135	5	54,917	5	48,354	5	53,844	10

BANK.	1916 Net Profits \$	Divi- dend %	1917 Net Profits \$	Divi- dend %	1918 Net Profits \$	Divi- dend %	1919 Net Profits \$	Divi- dend %	1920 Net Profits \$	Divi- dend %
(1) Bank of Montreal	2,200,471	10+2	2,477,969	10+2	2,562,720	10+2	3,314,227	12	4,033,995	12
Quebec Bank	...	...	...	...	...	...	...	...	...	...
Bank of Nova Scotia	1,252,038	14	1,295,315	14	1,411,925	14	1,925,478	10	2,327,422	16
(2) Bank of North America	546,346	7	*668,003	8	...	...	...	...	...	...
Bank of Toronto	730,954	11	802,920	11	844,402	11	1,011,359	12	1,017,371	12
The Molsons Bank	582,356	11	615,514	11	712,485	11	818,902	12	822,718	12
La Banque Nationale	417,662	8	435,283	9	533,450	9	567,372	10	544,945	12
(3) Merchants Bank of Canada	950,713	10	1,236,680	10	1,383,569	10	1,686,156	12+1	1,402,820	12+1
Banque Provinciale du Canada ..	203,983	7	207,483	7	434,594	7	n 333,882	8	425,647	9
Union Bank of Canada	651,183	8+1	763,463	8+1	824,174	10	932,256	10	1,603,842	10+2
Canadian Bank of Commerce ...	2,439,415	10+2	2,637,555	10+2	2,850,318	10+2	3,074,892	12	3,306,243	12+1
(4) Royal Bank of Canada	2,111,307	12	2,327,979	12	2,809,846	12	3,423,264	12+2	4,253,649	12+2
Dominion Bank	893,502	12	1,005,062	12	1,086,498	12	1,169,703	12+1	1,347,011	12+1
(5) Bank of Hamilton	442,525	12	598,522	12	571,226	12	847,104	12	888,018	12 1/2
Standard Bank of Canada	580,230	13	649,546	13	697,443	13	776,310	13	784,369	14
Banque d'Hochelaga	546,011	9	565,433	9	595,187	9	611,105	10	649,739	10
(6) Bank of Ottawa	591,205	12	616,238	12	645,347	12	...	...	...	...
Imperial Bank of Canada	1,003,960	12	1,185,066	12	1,247,516	12	1,379,318	12+1	1,287,061	12 1/2
Home Bank of Canada	217,059	5	228,963	5	238,753	5	268,895	6	278,556	7
(7) Northern Crown Bank	128,761	5	†208,608	5	...	...	...	...	...	...
Sterling Bank	161,270	6	186,120	6	213,632	6	251,846	8	255,976	9
Weyburn Security Bank	82,149	5	74,274	5	74,343	5	62,220	7	50,493	7

- (1) Prior to 1904 the Bank of Montreal's year ended in April. The profits during 1911 include \$708,800 expended and those of 1912, \$511,000; in previous years these expenditures were deducted. 2% bonus since June, 1912.
 - (2) Figures for 1912 are from Jan. 1st to Nov. 30th inclusive.
 - (3) 1913 figures are for 5 months ending 30th April. 1915 figures are for year April, 1915. Net profits for year ending April, 1916, \$970,713. Dividend, 10%.
 - (4) 1912 figures are for 11 months; financial year changed.
 - (5) The 1917 figures are for the 15 months ended 28th February, 1918.
 - (6) The Bank of Ottawa was absorbed by the Bank of Nova Scotia in May, 1919.
 - (7) 1912 profits are for 11 months.
- † 5% cash dividend and 5% stock dividend.
 * Including \$200,000 debts recovered.
 § The Quebec Bank was purchased by the Royal Bank of Canada on December 31st, 1916, and did not issue a statement showing the result of its business for that year. Dividends amounting to \$191,450, being at the rate of 7% per annum, were paid during the year.
 (A) Result of business for 5 months only.
 (B) Figures for the previous period were for 18 months. There was a proportionate increase of \$44,512 on a twelve months basis.
 ** Absorbed by the Bank of Montreal, March, 1918.
 † Purchased by the Royal Bank, June 30th, 1918, who paid 10,883 fully paid shares of the capital stock of the Royal Bank, and \$576,970 in cash.

Banks' Services in Public Finance

Credit Balances of Dominion Government Show Reduction During Past Two Years—Provincial Accounts Are Higher—Holdings of Government Securities Have Advanced—British Government Loan Has Been Reduced

ORIGINALLY, the idea of a bank was a place where people could place their surplus funds for safe-keeping. The work bank is associated with the old Italian money-changers, but the earliest bank of deposit, instituted for the accommodation of private merchants, is said to have been that of Barcelona, at the beginning of the fifteenth century. This idea still remains among the poorer classes of people, who have not been taught differently, and whose dealings have brought them into contact with only a small portion of the banks' business.

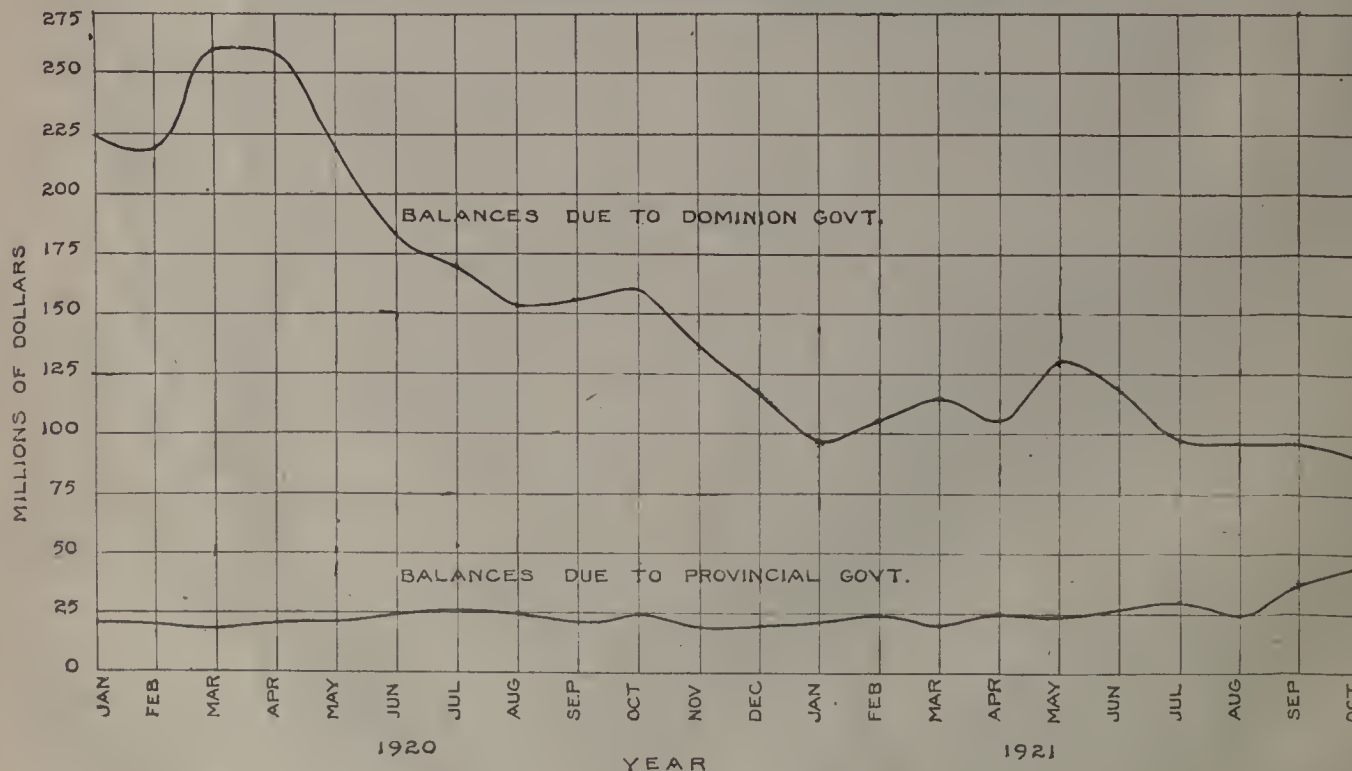
The present-day conception of a bank is generally much broader, although the average man does not go much deeper than thinking of an institution which borrows money by way of receiving deposits from the public, allowing a small remuneration, and lending these funds out at a reasonable return. During a thoughtful moment, perhaps when he is handling some crisp new bills, his mind will turn to the banks' currency business, and through constantly reading in the press of trade, both domestic and foreign, he will vaguely associate the bank with these operations. Thus the banks get less credit than is due to them. Only the man whose business is on a broad and modern scale, or one who is a regular student of the bank statement, can understand what the banking business involves, and even then it is necessary to read between the lines.

The task of keeping government funds is not nearly so big an undertaking as it has been in recent years, because there have been no war loans, but it is still reasonably large. During the past year the Dominion government has used up its credit balance at a rapid rate. Collections and apparently the latter have been in the excess. This work disbursement of revenue is done through the banks, and for the government is fairly extensive, but it is done willingly for surpluses are left, which may be used. In appreciation of this Dominion cheques are payable without charge at all chartered banks.

However, this has not been a very valuable source of funds to the banks during 1921, owing to the fickleness of the balance. Furthermore, it must be borne in mind that the government has been borrowing rather extensively from the banks in recent months, as will be noted further on, so that the credit balance is partly made up of the banks' funds. When the government would borrow, it would not use all of the money at once, but leave it with the banks for distribution when the time called for it, thus temporarily enhancing the credit balance. From this, the changes noted from month to month, can be explained.

As regards the deposits of the provincial governments, there is very little to say. The same irregularity is noted as is the federal government deposits, which is most likely due to the large volume of new financing which has been done by the provinces in 1921. As in the case of the

Balances Due Dominion and Provincial Governments



Perhaps one of the biggest services rendered to-day, and the least appreciated, is the assistance in public finance, that is, the aid given to the federal and provincial governments, municipalities, and even other governments. A survey of the accounts in the bank statement which reflect these services, is most interesting, particularly in the past two years.

Dominion, after a loan has been made it is usually a little while before the proceeds can be allotted, and so they are kept in the banks for safe-keeping, to be distributed as the time calls for.

The following table shows the trend of the credit balances of Dominion and provincial governments from month to month since the beginning of 1920:—

	Due Dom. government	Due Prov. government
1920—		
January	\$224,597,564	\$ 20,276,072
February	217,059,832	19,864,020
March	262,340,599	17,827,892
April	261,044,115	19,178,187
May	216,098,321	20,691,300
June	183,913,852	23,955,524
July	170,190,302	26,344,597
August	153,359,936	25,057,401
September	156,410,480	20,933,968
October	160,129,252	24,912,898
November	136,192,726	18,534,080
December	118,984,574	19,004,286
1921—		
January	\$ 97,470,729	21,085,858
February	105,121,289	24,162,783
March	114,272,486	19,431,985
April	105,336,247	25,287,313
May	131,460,929	23,038,437
June	118,368,329	27,175,913
July	96,147,744	32,630,099
August	96,389,650	24,786,689
September		
October		

Loans to Municipalities

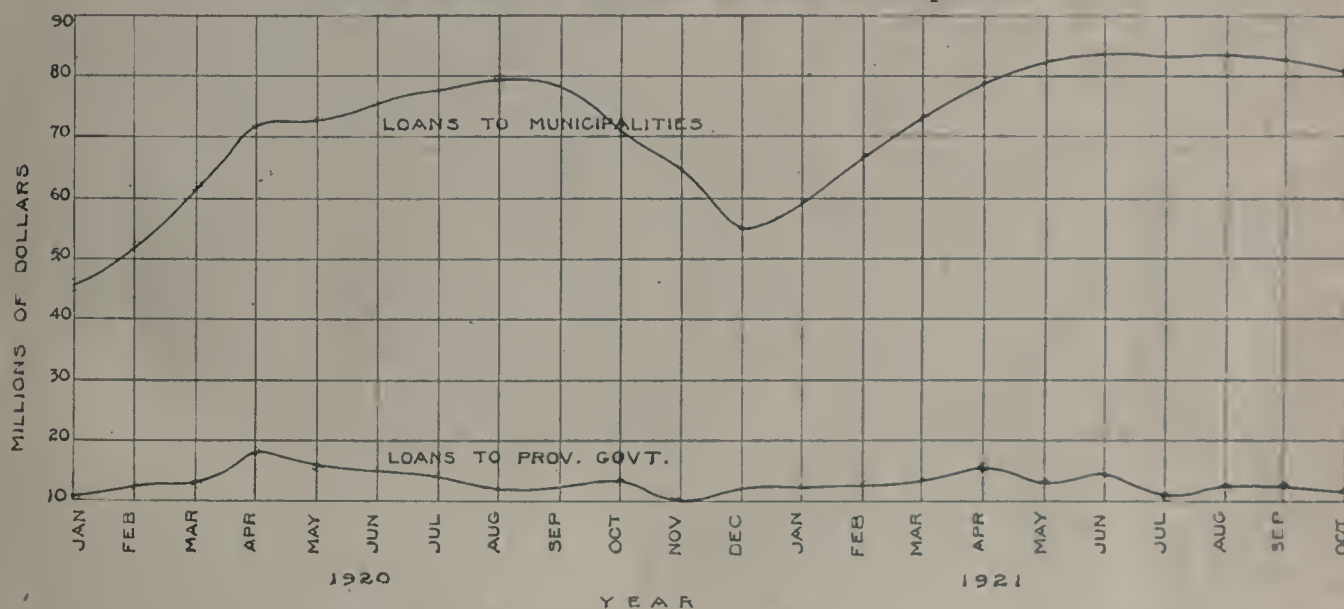
Turning to the loans made for the assistance in government and municipal affairs, shows how valuable is the aid

expenditures, for invariably where a decline in tax rate was shown, assessment valuation increased. A point in illustration was Brantford, which showed a decrease of one mill in rate and an increase of \$115,000 in expenditures, this result being attained through an increase of about four million dollars in assessment.

Of course, with big increase in expenditures, and bearing in mind the system of municipal financing which is general throughout the country, the big increase in loans is readily accounted for. Perhaps one of the most important factors in regard to increasing expenditures is the growing debt charges which our municipalities are facing. Capital expenditures, which were delayed during the war period, of necessity had to be undertaken, and with the rapid rise in debt, larger appropriations are necessary each year for interest and sinking fund, and annual payments, where the debentures are of the instalment type.

	Loans to Provinces	Loans to Mun.
1920—		
January	\$ 11,271,190	\$ 46,147,388
February	13,090,090	52,699,790
March	13,585,217	62,992,675
April	18,768,208	72,251,019
May	18,887,396	73,904,635
June	15,773,409	76,410,676
July	14,994,799	78,792,822
August	12,314,726	79,912,041
September	13,183,317	78,103,364
October	14,361,455	71,374,060

Bank Loans to Provinces and Municipalities



given. There is not much to say concerning the provinces, for these advances have not been anything unusual, but on the whole have been rather steady. The situation of loans to municipalities calls for comment, however.

It is a usual thing for outstanding loans to start at a low level at the beginning of the year, and increase many millions in the ensuing months, for our towns and cities must have money to meet current expenditures with, and taxes are not available entirely until near the end of the year. The municipalities have been criticized for such a system of financing, and the banks for encouraging it, for it would mean a big saving if current expenditures could be met by current revenue, without depending upon the banks.

But that is not a point for controversy here.

The main thing to be brought out is that apart from the regular trend there was a big increase. After considering the facts the result is not surprising. The 1921 budgets of our municipalities mostly showed substantial increases. A table of tax rates given in THE MONETARY TIMES a few months ago brought this out clearly. Some cities were able to show decreases, but this did not indicate lower

November	10,571,815	65,487,171
December	12,540,947	55,973,926
1921—		
January	12,657,149	59,637,682
February	12,930,968	67,719,581
March	13,929,599	73,229,646
April	16,158,294	79,043,238
May	13,870,033	83,745,196
June	15,044,830	84,657,919
July	11,441,527	83,154,559
August	13,847,231	84,093,460
September		
October		

Loans to the Dominion

In the bank statement there is a column left for loans to the Dominion, but this is always left blank, and to one unfamiliar with the methods followed by the government, this will seem strange. The government does borrow for temporary needs from the banks, just the same as the provinces and municipalities, and the trend of such loans

is reflected in the column, "Dominion and provincial government securities," for the federal borrowings are made on short-term treasury bills.

Turning to this account then, shows that the treasury at Ottawa has been calling on the banks quite regularly during the past year, making quite a substantial increase on the whole. Of course, there are some provincial securities represented in the figures given below, but the account largely reflects to the relation of the government to the banks.

At this stage it is well to point out that the banks perform a valuable service in the purchase of securities, both provincial and otherwise. This is practically like loaning money, for bond dealers in disposing of new issues depend a good deal upon the banks to absorb a fair portion, and no doubt prices are influenced to a certain extent.

The following tables shows the holdings of securities as shown month by month in the bank statement over the past two years:—

1920	Dom. and Provincial	Can. Mun. & Br. & For.	Rly. and other bds.
January	\$127,087,135	\$249,413,578	\$51,548,307
February	125,729,366	234,608,866	50,605,825
March	126,609,453	223,709,931	50,969,557
April	118,416,840	214,768,123	50,778,055
May	117,864,456	205,129,314	47,988,462
June	117,471,598	206,534,550	46,785,603
July	117,037,931	202,471,301	45,738,394
August	117,018,957	201,647,011	44,778,724
September	116,287,730	202,349,860	46,613,366
October	119,010,969	201,447,094	47,023,401
November	121,250,951	196,671,950	47,050,105
December	120,489,681	191,172,317	46,494,937
1921—			
January	122,258,205	193,405,100	46,398,296
February	123,734,576	190,634,618	46,242,831
March	124,668,184	184,261,730	46,417,092

April	135,998,994	179,892,193	46,605,691
May	173,716,284	173,918,297	46,427,731
June	175,404,713	167,305,993	45,785,736
July	180,520,010	159,077,913	45,973,476
August	179,222,262	147,830,368	45,682,261
September			
October			

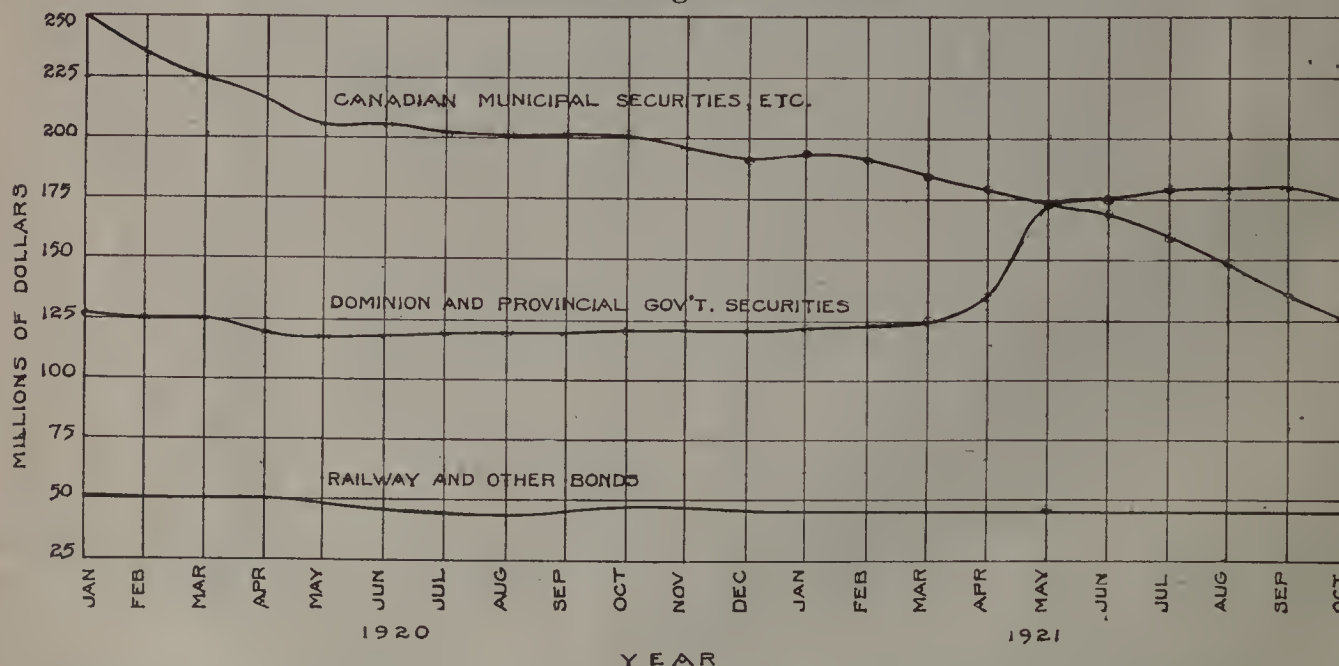
Loans to Britain

From the above it will be noticed how the middle column has shown a marked and steady decrease. This has been referred to several times in THE MONETARY TIMES, but a reminder is necessary. The following table really reflects the trend of the outstanding loan to the British Government, for the proportion of municipal securities is small:—

	1918.	1919.	1920.	1921.
January	\$235,989,801	\$259,462,077	\$249,413,578	\$193,405,100
February	242,256,480	259,422,456	234,608,866	190,634,618
March	250,422,761	260,003,939	223,709,931	184,261,730
April	260,978,505	258,504,084	214,768,123	179,892,193
May	269,102,070	256,617,235	205,129,314	173,918,297
June	266,226,264	254,147,015	206,534,550	167,305,993
July	255,155,438	253,490,909	202,471,301	159,077,913
August	252,239,043	254,235,984	201,648,011	147,830,368
September	250,698,255	255,098,813	202,349,860	
October	250,254,056	255,684,576	201,447,094	
November	248,398,067	253,341,708	196,671,950	
December	253,518,074	255,239,781	191,172,317	

In 1916 the Canadian banks loaned the British government \$100,000,000 for the purchase of munitions, and a similar amount in 1917 for the purchase of wheat. These loans were originally advanced on a three-years' basis, at a moderate rate of interest, and renewals have been made from time to time. Of this \$200,000,000, one-quarter was paid off during the first five months of 1920, leaving a balance of \$150,000,000. Since November, 1920, repayments have been made at the rate of \$5,000,000 monthly.

Banks' Holdings of Securities



NEWFOUNDLAND DEVELOPMENT PLANNED

Extensive plans for the development of the natural resources of Newfoundland, with the immediate employment of 2,000 men, were announced by P. D. Reid, president of the Reid Newfoundland Company, on Dec. 14. He recently returned from a three-months' visit to Great Britain.

Mr. Reid said that while in London he had negotiated a contract with the Armstrong, Whitworth Company, Ltd., of that city to develop the resources of the Humber River

Valley. Under the project, he continued, paper mills would be established twice the size of the large Harmsworth plant at Grand Falls, which supplies newsprint to the Northcliffe papers in London, with a capacity of 1,000 tons daily.

Mr. Reid described the contract as guaranteeing the expenditure of \$7,000,000 within two years, with the establishment of aluminum works and other industries at Grand Lake and extensive waterpower development. He said the men to be employed at once would be used in logging through the winter.

Canadian Banks in the Foreign Field

Both Deposits and Loans Have Declined, in Accordance with Business Conditions in Foreign Countries—Some New Branches Opened in 1921, and New Connections Made

By GRAHAM F. TOWERS

Superintendent, Foreign Trade Department,
The Royal Bank of Canada.

IT is natural that the expansion in the foreign banking organization of Canada, which took place during 1919 and 1920, should not have continued in full force during 1921. The current year has been one of retrenchment for all business; and the retention of existing foreign branches, plus the establishment by the Canadian Bank of Commerce of offices in Rio de Janeiro, Brazil, and Port of Spain, Trinidad, can be contrasted with the retirement of various United States banks from the foreign field, and the closing of many of their foreign branches. To the Canadian banking organization, schooled in the business of branch banking by many decades of experience in this country, the establishment and profitable maintenance of offices abroad does not present the same difficulty as it does to other organizations less fortunately situated. And a year which saw an American foreign bank, whose business in South America was a particularly active one, calling for fresh capital from shareholders and assistance from other banks, and which saw the failure of many local banks abroad, has also seen Canadian banks bring their year's foreign business to a not unprofitable conclusion.

Naturally, foreign deposits and loans have declined more sharply than those in Canada, because the countries in which the deposits are received, and the loans made, have in general gone through a deflationary process more drastic than that experienced by this country.

These are the figures:

	Sept. 30, 1920	Sept. 30, 1921	Decrease
Deposits	\$355,238,992	\$295,574,501	\$59,664,491
Current Loans and			
Discounts	202,590,184	151,489,861	51,100,323
Call and Short Loans..	186,962,960	183,290,756	3,672,204

Foreign deposits have decreased a little over 16 per cent., as compared with a decrease in Canada of about 7 per cent. during the same period. The decline in current loans and discounts abroad is 25 per cent., the decline in Canada about 12½ per cent. Call and short loans outside of Canada, which represent to a great extent the instantly available cash reserves of Canadian banks, remained at practically the figures of September, 1920, thus reflecting the fact that the liquid position of the Canadian banking organization has not suffered during a poor year.

Some Developments of the Year

Reference has been made above to the new establishments of the Canadian Bank of Commerce. The alliance between the Bank of Montreal and the Colonial Bank, which was mentioned in these columns last year, has developed during 1921 into a close co-operation between the two institutions.

Because new countries were not entered during 1921, it should not be thought that little development was made. The progress of the year is to be found in the development of existing facilities, and the increased use of these facilities made by Canadian business.

The year has been one of kaleidoscopic changes in the standing of foreign firms, and the provision of accurate and up-to-date credit information has been important as never before. The innumerable calls made on the banks for service in this respect have been well met. This furnishing of credit information is a true banking service, and all Canadian firms that do a foreign business should freely avail themselves of it. It would seem almost incredible that a

shipment should ever be made before the shipper was in possession of a satisfactory credit report on the consignee, yet such cases do crop up, usually in the form of small orders sent out, with sight drafts attached, and instructions to deliver documents only on payment. This procedure does not give the shipper adequate protection, where the consignee is an irresponsible person, since his refusal to accept delivery may result in the goods having to be disposed of at a loss.

Two recent cases which have come to the writer's attention illustrate the prime necessity of credit reports. In one, a Canadian company received an order from a firm in India. The business seemed attractive. The report we received on the Indian firm, however, read as follows: "Gambler without morality. Avoid." The second case was one in which an individual in the South inserted his name in a Canadian trade publication, expressing himself as desirous of buying certain Canadian goods, and naming as reference the Royal Bank of Canada, without having been authorized to do so. As soon as the matter came to our attention, we were able to advise that the man had no means or standing, and that a shipment to him should never be contemplated.

Some Difficulties of the Year

The last year has been replete with instances of shipments refused, of difficulties arising under Letters of Credit, of documents unaccepted or unpaid. In all cases where their assistance has been sought, Canadian banks have done their utmost to give efficient service under circumstances which often were trying to a degree.

It may not be out of place to note here the scope of the business conducted by Canadian bank branches abroad. They are not, as is sometimes thought, limited in their activities to business emanating from this country, but make collections and establish credits on behalf of correspondent banks in many countries. The greatest volume of such business, of course, comes from the United States. All this business is strongly competed for, and a good share of it goes to our own institutions only because the general services they render are on a par with those provided by the overseas connections of banks of other nations.

Foreign Exchange

The above remarks apply as well to foreign exchange, in which Canadian bank branches abroad do an interesting business. Incidentally, they perform pioneer service in familiarizing people with Canadian currency. The most practical results yet obtained from this are seen in the British West Indies, and British Guiana. These are the places with which Canada hopes to develop a good trade and it is satisfactory to note that wherever else Canadian exporters may be forced to quote in sterling or U.S. dollars, they do not have to do so as far as these British colonies in the Caribbean are concerned. Canadian dollars are known and dealt in, and Canadian bank branches are in a position to quote good rates.

The larger Canadian banks by now all have their own establishments in New York and London. The Bank of Montreal, The Royal Bank of Canada, and La Banque Nationale also have their offices in Paris. These are the great exchange centres of the world. Thus, through their own offices, or through correspondents, Canadian banks are able efficiently to conduct their foreign exchange business. And

the business is of no small proportions for a country of this size. In the Monetary Times Annual of last year, we noted the fact that Canadian foreign trade per capita was extremely large, and was in fact well ahead of the per capita foreign trade done either by the United Kingdom or the United States. This still holds good. Based on the first nine months of 1921, Canadian foreign trade will amount to some \$182 per capita for the year. The figures for the United Kingdom and the United States are \$153 and \$68 respectively. The average decline in value of the trade of the three countries since last year is 37 per cent.

Foreign Trade Department

Through the medium of a Foreign Trade Department,

or through the Foreign Department, Canadian banks with close overseas connection place their facilities for acquiring general information on foreign markets, and the names of importing or exporting houses, at the disposal of Canadian business. The managers of Canadian bank branches abroad give their personal attention to supplying facts and names. They have co-operated in many cases with our Trade Commissioners in their work of forwarding the interests of Canadian trade. The banks cannot build up a business for anyone. That lies with the manufacturer or exporter himself. But banks can and do give assistance to those who need it in their work of gradually cultivating a foreign market for Canadian products.

Movement of Bank Capital and Reserve

Small Additions to Subscribed Capital During Past Year—Paid-up Capital Has Increased and Substantial Amounts Have Been Added to Their Reserve Funds

NINETEEN-TWENTY-ONE witnessed a further expansion in banking in Canada, both by new stock subscriptions and appropriations to reserve. The increase in paid-up capital was about \$2,000,000, while reserve advanced about \$5,000,000.

Last year critics of the Canadian banks were discussing the insufficiency of capital employed in the banking business here, and comparative figures did point that way, but the deflation which has taken place in the past twelve months has somewhat weakened those arguments, although compared with results of six years ago, banking capital does seem insufficient.

In 1914, the ratio of capital and reserve to total assets was about 15 per cent., and the ratio of capital and reserve to total deposits was about 21 per cent. By the end of 1920 the ratio to total assets was only a little more than 8 per cent., and the ratio to total deposits slightly above 11 per cent.

Of course, the changes which took place in the business world last year, affected the banks' position in this regard, with the assets dropped sharply, as against a moderate increase in capital and reserves. Deposits also dropped considerably, and the ratio now is approximately 13 per cent. The following table shows the relation of capital and reserves to assets in recent years.

	Assets.	Cap. & Res.	Ratio.
1918	\$2,638,839,732	\$217,712,629	8.1%
1919	2,967,598,848	241,152,863	8.1%
1920	3,155,601,568	257,682,757	8.1%
1921	2,766,743,521	264,331,734	9.5%

The above figures are as at the latter part of each year mentioned.

The ratio of capital and reserve to deposits, while having fallen largely in recent years, still stands high as compared with other of the world's largest banks. Take three British instances. The ratio shown by Lloyds Bank and Barclays Bank is about 7 per cent., while that of the London Joint City and Midland is about 6 per cent.

Subscriptions Paid

There have been no new stock issues during the past year, the main business of the banks being to clean up outstanding subscriptions, with the result that the subscribed and paid-up capitals are nearly on a level.

One thing worthy of mention is that the authorized capital, which had not changed since the middle of 1919, was increased by \$2,000,000, this being brought about by the action of the Bank of Hamilton. The authorized capital of all our Canadian banks combined, is many millions above the subscribed amount. At present it does

not seem as though there is need for increase in authorizations.

It may be that there may be further substantial additions to capital, having in view the plans of the Great West Bank. This new institution has an authorized capital of \$5,000,000, and wants to raise about \$2,000,000 at the present time.

Under the Bank Act, a new bank wishing to start business must have within a year of incorporation capital subscribed to the extent of \$500,000, and not less than \$250,000 paid-up and deposited with the minister of finance. The deposit will be returned after the whole enterprise has been investigated and approved.

The Great West Bank was unable to meet those requirements, the delay being due in part to general economic conditions in the west, and in part to difficulties between the promoters and those who were backing the scheme.

However, the bank secured from parliament an extension of time for preliminary work until July 1, 1922. Those who are directly interested, anticipate that all requirements will be complied with before that time. By September it was reported that \$3,000,000 of the stock had been sold in Saskatchewan and Manitoba and one-third of the authorized paid-up capital had been subscribed. Since that date further progress has been made.

Individual Progress

The total increase in subscribed capital from October, 1919, to the same month in 1920, was \$10,148,800, while in the same period paid-up capital and reserve advanced \$9,594,125 and \$6,935,769, respectively. The 1921 results indicate that there was not nearly so much activity, although there were increases. The following details are interesting:—

	Subscribed	Paid-Up	Reserve
Nationale	\$.....	\$.....	\$ 100,000
Merchants	300,900	544,030	1,050,000
Provinciale .....	.....	76,621	300,000
Union .....	.....	.....	400,000
Royal	406,500	767,210	1,950,610
Hamilton	34,800	110,230	205,115
Standard	500,000	500,000	448,499
Hochelaga .....	.....	.....	100,000
Home .....	.....	249	50,000
Sterling .....	.....	3,218	50,000
	<u>\$1,242,200</u>	<u>\$2,001,468</u>	<u>\$4,654,224</u>

Three Years of Development

In three years the increase in authorized and subscribed capital has been rather large, and as already pointed out

the amount authorized is sufficient to allow further subscriptions of many millions. The following table, which traces the monthly movement since January, 1919, is illustrative:—

	Capital Authorized	Capital Subscribed
1919—		
January	\$179,000,000	\$110,492,200
February	182,075,000	111,335,200
March	189,075,000	112,401,700
April	191,075,000	114,927,400
May	189,075,000	115,784,700
June	189,075,000	116,360,000
July	194,075,000	116,599,100
August	194,075,000	116,665,200
September	191,075,000	117,602,800
October	197,075,000	118,131,300
November	197,075,000	119,522,300
December	197,075,000	119,522,300
1920—		
January	\$197,075,000	\$119,522,300
February	197,075,000	119,522,300
March	197,075,000	119,522,300
April	197,075,000	119,522,300
May	197,075,000	121,522,300
June	197,075,000	122,855,100
July	197,075,000	127,302,800
August	197,075,000	127,901,400
September	197,075,000	128,183,500
October	197,075,000	128,280,100
November	197,075,000	128,719,600
December	197,075,000	128,742,093
1921—		
January	\$197,075,000	\$129,045,300
February	197,075,000	129,116,800
March	197,075,000	129,138,700
April	197,075,000	129,468,700
May	197,075,000	129,522,300
June	197,075,000	129,522,300
July	199,075,000	129,522,300
August	199,075,000	129,522,300
September	199,075,000	129,522,300
October	199,075,000	129,522,300

Reserves Show Rapid Increase

In studying the development of paid-up capital and

reserves it is interesting to note how reserves have kept ahead all the time. The following are the figures:

	Capital paid up	Test or reserve fund	Total
1919—			
January	\$109,622,070	\$116,129,225	\$225,751,295
February	110,643,559	116,870,214	227,513,773
March	11,722,628	117,433,322	229,155,950
April	113,766,272	119,799,736	233,566,008
May	114,238,015	121,126,066	235,364,081
June	115,423,327	122,124,261	237,547,589
July	115,721,629	122,239,372	237,962,001
August	115,834,923	122,273,225	238,108,148
September	117,050,239	123,041,750	240,091,989
October	117,675,302	123,477,561	241,152,863
November	119,162,137	124,710,890	243,873,027
December	119,199,441	124,712,670	243,912,111
1920—			
January	\$119,226,365	\$124,724,965	\$243,951,350
January	\$128,460,163	\$133,343,590	\$161,803,753
March	119,252,969	121,925,000	241,177,969
April	119,266,661	126,475,000	245,741,661
May	121,266,885	128,575,000	249,841,885
June	122,400,044	128,675,000	251,075,044
July	126,051,138	130,027,965	256,079,103
August	126,522,615	130,182,660	256,705,275
September	126,927,040	130,325,640	257,252,680
October	127,269,427	130,413,330	257,682,757
November	127,913,611	132,782,190	260,695,801
December	128,066,769	133,048,505	261,115,274
1921—			
January	\$128,460,163	\$133,343,590	\$161,803,753
February	128,582,713	133,558,807	262,141,520
March	128,720,031	133,623,339	262,343,370
April	129,179,531	134,853,053	264,032,584
May	129,249,661	134,953,044	264,202,705
June	129,259,274	135,059,325	264,318,599
July	129,263,949	135,062,366	264,326,315
August	129,267,088	135,061,646	264,328,734
September	129,268,517	135,065,636	264,334,153
October	129,271,075	135,067,554	264,338,629

It is the desire of all good bankers to build up a reserve or rest fund to a substantial figure, usually as great as the paid-up capital. While some of our banks have not been able to quite reach their aim, a number have reserves considerably in excess of capital. Thus we find the total reserves about 105 per cent. of capital.

GREAT WEST BANK NOT YET STARTED.

Organization Work Has Met With Difficulties,
But Large Amount of Capital Is Reported as Subscribed

THE Great West Bank of Canada, which was incorporated by Act of Parliament in 1920, has not yet commenced operations. Its authorized capital was \$5,000,000, and the provisional board of directors was composed of Saskatchewan men, including some farmers. The head office was located in Regina. A prospectus, issued in August, 1920, offered the stock, par value \$100, at \$125 per share, a payment of \$35 per share being required on application, and the balance as follows: \$15 in twelve months; \$25 in nine months, and \$25 in twelve months.

During the first three months of 1921 a campaign for the sale of the stock was conducted throughout the West. The Imperial Financial Corporation, which at first had charge of the offering, was taken over by the Mutual Bond and Securities Corporation, and by February, 1921, the matter had been given into the hands of the General Bond Corporation, Ltd., by whom the offering was being made. The president of this corporation was W. A. Lamport, barrister, of Toronto; W. R. Phillips, director, of Regina, and J. K. McLennan, of Regina, secretary-treasurer. A brokerage of \$5 per share was offered to those who subscribed up to

March 15; this brokerage was evidently to be repaid when the bank commenced business. The cost of promotion was estimated at \$7.50 per share, which would leave \$12.50 as reserve.

The sale of stock did not proceed well, due in part to unfavorable conditions throughout the West. As the time for securing the \$50,000 necessary in subscriptions to start business expired on July 1, application was made for an extension of one year, and this was granted by special Act of Parliament.

The project also suffered two blows in the spring, in the death of W. R. Phillips, one of the chief promoters, and the sentencing to gaol of R. J. Potts, who had been engaged as organizer, for forging Phillips' name to a check on account of salary due to himself.

Better progress was made during the summer, however, and early in July a statement was made by Albert Ross, of the General Bond Corporation, to the effect that the head office in Regina would be opened in a few months. About August 1, Albert Banniger, the chief promoter, stated that \$3,000,000 of the stock had been sold in Saskatchewan and Alberta. He also said that a general meeting would be held about November for the election of permanent directors, and that the head office would be opened by the new year, and three or four branches a little later.

No report of a general meeting has as yet been received.

Legal Decisions Affecting Banking

Paige Motor Case—Notice of Assignment of Claim—Robidoux vs. Royal Bank—Curley vs. Briggs—Some of Banking Points on Which Canadian Courts Have Declared Themselves During Past Year

IN cases relating to banking during the past year, Canadian Courts have been called on to decide questions of banking practice rather than to interpret sections of the Bank Act. Some of the more outstanding cases are reviewed herein.

Paige Motors Case.

A judgment of special interest to banking and financial circles was rendered in Montreal by the Court of Appeal, when an appeal of the Canadian Bank of Commerce was maintained from a judgment of the Superior Court, which, in applying Section 96 of the Winding-Up Act, voided a conveyance (for consideration) of \$7,000 made to the appellant bank on behalf of the Paige Motors of Montreal, Limited, when the company was unable to meet its engagements, even though the bank accepted the amount in good faith and without knowledge at the time of the company's insolvency.

The action was taken by A. Burnett in his quality of liquidator of Paige Motors, of Montreal, Limited, to compel the Bank of Commerce to refund \$7,000 deposited with the bank in cash, cheque and notes on September 3, 1918, on behalf of the motor company.

The company was incorporated by letters patent of Quebec in November, 1917. In the following June an order-in-council, issued under the War Measures Act, prohibited the importation of automobiles valued at \$1,200 and upwards. Among these were the Paige Motors, and on August 28 a meeting of the share-holders was called to consider the financial position of the company.

The meeting was adjourned until September 3, when it was resolved to voluntarily wind up the affairs of the company.

Before this, on August 28, 1918, R. A. Kelly, president of the company, had sold two Paige automobiles for \$7,000, payable \$1,000 in cash, \$1,000 by cheque, dated September 3, 1918, and the balance by two notes of \$2,500 each, payable October 12 and 28 respectively. On September 3, Mr. Kelly deposited with the Bank of Commerce \$1,000 and the cheque and notes for the balance of the \$7,000, and asked in consideration for an advance—the company then, it was said, had a debt balance of \$4,059—of \$2,876 to pay the duty on the two cars just sold, and which were in bond, and \$55 for a spare tire or wheel. This advance was made. In the meantime, on September 3, as indicated above, it had been decided by the share-holders of the Paige Company that its affairs should be voluntarily wound up.

Mr. Justice Martin, in pronouncing judgment of the majority of the Court of Appeal, reversing the ruling of the court of first instance, said **he was not able to accept the reasoning of the trial judge, and did not think the transactions of the 3rd of September were a conveyance of personal property for a consideration made by a company unable to meet its engagements.** The transactions were in reality simply a discount by the bank of commercial paper and the deposit with the bank by the company of the proceeds of such discount and of two other items of \$1,000 each, one in cash and one represented by the cheque of Fairweathers, Limited. Surely that was not a fraudulent conveyance within the scope and purport of Article 96 of the Winding-Up Act.

In His Lordship's opinion, Section 99 applied to the case under consideration and the liquidator in order to recover back the amount paid to the bank of the 3rd of September, must establish that the bank then knew that the company was unable to meet its engagements in full or had probable cause for believing such condition to exist.

His Lordship said in conclusion that he could not subscribe to the doctrine that discounts by a bank of a customer's trade paper were conveyances in contemplation of Section 96 of the Winding-Up Act, and as there was no evidence of record of knowledge by the bank of the company's insolvency,

he had reached the conclusion that the transactions of the 3rd of September were not void and that the respondent's action should be dismissed with costs.

Assignment of Claim.

In another case, the New Brunswick Supreme Court ruled as to what constitutes notice of assignment of claim to a Bank.

On May 8, 1912, the Hibbard Company, Limited, entered into a contract with the St. John and Quebec Railway Company for the construction of a line of railway between Fredericton and Woodstock on the western side of the River St. John. In the latter part of August, 1914, the company was unable to pay the July estimates and no funds were forthcoming to meet the contractor's obligations. The Hon. George J. Clarke, premier of the province, then went to Montreal and negotiated with the Hibbard Company to continue the work of construction. He represented that the province would hand over to the contractors bonds of the province or bonds of the railway company guaranteed by the province, bearing interest at the rate of 4½ per cent., less a certain drawback of 10 per cent. to be paid over when the work was completed, on the understanding that all estimates were to be approved by the provincial engineer.

In the course of the negotiations it was pointed out to Mr. Clarke that such arrangements would be impossible unless the company was able to finance upon the security of the bonds, and Mr. Clarke consequently gave a letter to the Bank of British North America setting forth what the province would undertake to do, and the Bank of British North America consented to supply the Hibbard Company with the necessary funds from month to month to carry on its work. The work on the railway went on until it was completed in October, 1914, all payments that were made being made to the bank in bonds of the railway company guaranteed by the province. On January 16, 1916, the Hibbard Company gave an absolute power of attorney to a Mr. Gall to act for it in making a full and final settlement with the railway company, and a few days later Mr. Gall came to a settlement with the company, conceding payment of liabilities that the company had previously repudiated, and diverting a considerable amount of money, over \$17,000, to the Imperial Bank upon his own account, leaving a balance of a little less than \$5,000 payable to the Hibbard Company, and for which amount the railway's cheque was given.

The contention of the bank was that the government and the railway company remained liable to the bank for the balance of the advances made to secure the work, amounting to a sum of \$32,899, with interest; that of this amount there had only been paid the sum of \$4,902, the balance arrived at in the settlement by Mr. Gall with the railway company in January, 1916.

Mr Justice Hazen in his judgment says: "Chandler, J., having stated in his judgment as above that he considered that the assignment of the amount due to the Hibbard Company under their contract with the railway company to the Bank of British North America was a good and valid assignment, held that the St. John and Quebec Railway Company had notice of the assignment of the claim of the Hibbard Company to the Bank of British North America, and that such notice was given by the resolution passed by the Hibbard Company authorizing A. D. Gall to settle with the railway company and the government of New Brunswick.

"In my opinion, therefore, the appeal should be dismissed with costs, and, in compliance with the judgment of Chandler, J., the matter should be referred to a Master of the Supreme Court to take an account of the amount due by the Hibbard Company to the Bank of British North America for loans and advances in connection with the con-

The Royal Bank of Canada

INCORPORATED 1869

CAPITAL AUTHORIZED \$25,000,000

CAPITAL PAID-UP\$20,400,000



RESERVE FUNDS\$21,000,000

TOTAL ASSETS\$500,000,000

HEAD OFFICE - MONTREAL

BOARD OF DIRECTORS

SIR HERBERT S. HOLT, President E. L. PEASE, Vice-President

JAS. REDMOND

G. R. CROWE

D. K. ELLIOTT

HON. W. H. THORNE

HUGH PATON

A. J. BROWN, K.C.

W. J. SHEPPARD

C. S. WILCOX

A. E. DYMENT

C. E. NEILL

SIR MORTIMER B. DAVIS

G. H. DUGGAN

C. C. BLACKADAR

JOHN T. ROSS

R. MacD. PATERSON

W. H. McWILLIAMS

CAPT. WM. ROBINSON

A. McTAVISH CAMPBELL

ROBERT ADAIR

T. SHERMAN ROGERS, K.C.

E. L. PEASE, Managing Director C. E. NEILL, General Manager M. W. WILSON, Supt. of Branches

708 Branches In Canada, Newfoundland, West Indies, &c.

BRANCHES IN CANADA AND NEWFOUNDLAND

Alberta	41	Ontario	195
British Columbia	55	Prince Edward Island	10
Manitoba	38	Quebec	63
New Brunswick	25	Saskatchewan	92
Nova Scotia	72	Newfoundland	8

BRANCHES IN WEST INDIES

Cuba—54 Branches, Havana, Santiago, etc.
 Porto Rico—San Juan, Mayaguez, Ponce.
 Dominican Republic—Santo Domingo, etc.
 (6 branches).
 Guadeloupe—Basseterre and Pointe-a-Pitre.
 Martinique—Fort de France.
 Haiti—Port au Prince, etc. (3 branches).

Antigua—St. John's.
 Bahamas—Nassau.
 Barbados—Bridgetown and Speightstown.
 Dominica—Roseau.
 Grenada—St. Georges.
 Jamaica—Kingston, etc. (4 branches).

Montserrat—Plymouth.
 Nevis—Charlestown.
 St. Kitts—Basseterre.
 St. Lucia—Castries.
 Tobago—Scarborough.
 Trinidad—Port of Spain etc. (4 branches).

BRANCHES IN CENTRAL AND SOUTH AMERICA

Argentina—Buenos Aires, (2 branches).
 British Honduras—Belize.

Brazil—Rio de Janeiro, Santos and Sao Paulo.
 Colombia—Barranquilla.

Uruguay—Montevideo.
 Costa Rica—San Jose.

British Guiana—Georgetown, New Amsterdam and Rose Hall.

Venezuela—Caracas, Ciudad Bolivar and Maracaibo

SPAIN—Barcelona, Plaza de Cataluna, 6

GREAT BRITAIN

LONDON - - - Princes St., E.C.
 T. R. WHITLEY, Mgr. JAS. MACKIE, Joint Mgr.

UNITED STATES

NEW YORK - - - 68 William St.
 F. T. WALKER and J. A. BEATSON, Agents.

FRENCH AUXILIARY:

THE ROYAL BANK OF CANADA, (FRANCE), PARIS—28 Rue du Quatre-Septembre

PRINCIPAL CORRESPONDENTS:

GREAT BRITAIN—Bank of England.
 London County Westminster and Parr's Bank, Ltd.
 Bank of Scotland.
 London Joint City and Midland Bank, Ltd.
 UNITED STATES—New York—Chase National Bank.
 " American Exchange National Bank
 " Chemical National Bank.
 " Bank of the Manhattan Co.
 Boston—National Shawmut Bank.
 " First National Bank.
 Chicago—Continental & Commercial National Bank.
 Philadelphia—Philadelphia National Bank.
 Minneapolis—First National Bank.

UNITED STATES—San Francisco—First National Bank
 Buffalo—Manufacturers & Traders National Bank
 New Orleans—Canal Commercial Trust & Savings Bank.
 FRANCE—Comptoir National d'Escompte.
 London County Westminster & Parr's Foreign Bank, Ltd.
 London County Westminster & Parr's Foreign Bank, Ltd.
 Banco Calamarte.
 CREDITO ITALIANO.
 Banco di Napoli.
 INDIA, CHINA and JAPAN—Hongkong and Shanghai Banking Corporation.
 AUSTRALASIA—Bank of New South Wales.

tract between the Hibbard Company and the St. John and Quebec Railway Company, dated May 8, 1912, and that an account should also be taken of the amount due from the St. John and Quebec Railway Company to the Hibbard Company under the contract above mentioned."

Collecting Interest in New York Funds.

Canadian holders of securities, the interest on which is payable in New York as well as in Canada, a feature to which little importance was previously attached, have found themselves able to reap an unexpected profit since New York exchange went to a premium. The large amount of bonds recently sold in the United States have also had this feature, but among the government war loans there is only one issue, the 5's due 1937, so payable. The right of the Canadian holder to demand payment in New York funds has been unquestioned by most debtors, but the Dominion finance department last year made an effort to prevent Canadian holders of the 1937 bonds from so doing.

At times, however, disputes will arise on this point. During the year, the Quebec Courts Maintained five actions against the municipality of Pointe-aux-Trembles, which was condemned in each instance to pay to the claimant the amount found to be due on the interest coupons of the town's debentures. In two instances, the Court upheld the principle that a claimant who has the option of collecting the debt in the United States may on exercising that option demand payment to the equivalent of the face value of the interest coupon in the currency of the country where the amount is collectable.

This option was reserved to Achille Raymond and Emile Vaillancourt. Their respective claims were for \$240 and \$660, and as they exercised their right to collect the interest at the National Park Bank, New York City, they demanded ten per cent. additional, for exchange. The municipality contested the demand and pleaded that in any event the plaintiff could claim only the amount due on the coupons in Canadian currency. Judge Archer found against this plea, and judgment therefore went against the municipality for \$264 in the case of Raymond and \$660 in the case of Vaillancourt, with interest as from the date the coupons matured on November 1 last, and the costs of the action.

Robidoux v. The Royal Bank.

In an appeal to the Quebec Court of King's Bench in the case of *Robidoux v. The Royal Bank* it was held that one who gives a power of attorney to collect funds to a solicitor who deposits the funds collected in his own bank and draws the money out later for his own use, cannot recover as against the bank, there being no privity of contract between the giver of such power and the bank.

In his decision Justice Pelletier says:—

"It is admitted by all parties that the advocate, A. D., who had made the deposit at the bank, could withdraw the money in the same manner as that in which he deposited it, that is to say, by cheques conforming to the deposit slip and the entries in the bank books. But the appellant says, with much plausibility at first sight, that 'when the bank received this deposit made by my solicitor as my attorney, it was at the same time notified of the terms and of the extent and limitation of the powers my mandatary had.' This contention is well founded in fact. When A. D. deposited the cheque the respondent bank received at the same time, and kept in its custody, the appellant's power of attorney. The decision of this case rests then entirely, in my opinion, upon the interpretation that should be given to the terms of this power of attorney, the text of which is reproduced above, and which was signed by the appellant in the presence of an agent of the respondent, Harwood. If, by this power of attorney, the mandate of A. D. was at an end after the deposit was made, the bank was not justified in permitting A. D. to withdraw as attorney, by cheque payable to his own order, moneys which did not belong to him. But the power of attorney, which, at first sight, I would believe conclusive in favor of the contentions of the appellant, is susceptible of two interpretations.

"The sound doctrine, I believe, in the matter of mandate, is that if a power of attorney is incomplete, or susceptible of two interpretations, it is the person giving the mandate

who should suffer; it is for him to draw his power of attorney in such a form that his agent cannot abuse it, and if he does not take precautions sufficient to protect himself, the benefit of the doubt should be given to the third party, who acts with evident good faith. In view of what I have said, I do not believe that there was any privity of contract between the appellant and respondent. I am sorry for the unfortunate woman who suffers from all this to be obliged to arrive at this conclusion, but I do not see how it is possible to do otherwise."

Curley v. Briggs.

On appeal from the trial judgment in the case of *Curley vs. Briggs*, the Saskatchewan Court held according to the Bills of Exchange Act that from the date that the bank receives notice of the death of the drawer of a cheque, presentment for payment is dispensed with because nothing can be gained by such presentment, the bank's authority to pay the cheque being terminated by notice of the death and an action brought against the administrator for the amount due should be framed as for money advanced to the deceased, the right of the payee being subject to the conditions under which the payee received the cheque.

The action was brought against Charles Briggs, administrator of the estate of Thos. A. Drury, deceased, for five cheques given by Drury in his lifetime to Curley. The defences raised were: (1) That the cheques were given in payment of a gambling debt, and (2) that there was no evidence of presentment for payment or dishonor.

Elwood, J. A., in his written judgment, says in part, "So far as the first defence is concerned, that in my opinion is disposed of by the finding of the trial judge that the cheques were not given for a gambling debt.

"So far as the second defence is concerned, sec. 107 of the Bills of Exchange Act is in part as follows: 'Notice of dishonor is dispensed with as regards the drawer where . . .

(d) the drawee or acceptor is, as between himself and the drawer, under no obligation to accept or pay the bill; (e) the drawer has countermanded payment.'

"Section 167 of the Bills of Exchange Act in part is as follows: 'The duty and authority of a bank to pay a cheque drawn on it by its customer are determined by (b) notice of the customer's death.'

"I am of the opinion that the effect of sec. 167 is, that from the date of the death of the drawer of the cheque, or at any rate from the date that the bank would receive notice of the death, presentment for payment would be dispensed with, because nothing could be gained by such presentment. Notice of the death, in effect, countermands the right of the bank to pay the cheque. Notice of dishonor is also dispensed with under sec. 107, because from the notice of the death the bank is, as between itself and the drawer, under no obligation to pay the cheque; in fact, it is not only under no obligation, but its authority to pay the cheque is determined.

"If I am correct in the conclusions I have reached above, then it was not necessary in this case for the plaintiff to allege either presentment or notice of dishonor."

ZINC AND LEAD PRODUCTION

It is reported that the Consolidated Smelting Co. is doing well in the way of metal shipments. Zinc shipments have been particularly heavy, and the company is greatly favored by low ocean rates in getting its products to market points. As a result of this condition of freights, it is in a position to under-sell the lead producers of other countries in the United States.

Reports from Europe state that the supply of lead there is unusually low and large demands are being made on the Mexican mines. Production appears to be below normal in nearly all producing countries, with the exception of Burma and the high cost of transport to consuming points discounts the low cost of labor there. A slight increase is noted in the American production. Further advances in the price of the commodity would benefit this Canadian company.

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE - TORONTO

STATEMENT OF THE RESULT OF THE BUSINESS OF THE BANK FOR THE YEAR ENDING 30th NOVEMBER, 1921

Balance at credit of Profit and Loss Account, brought forward from last year.	\$1,783,979 37
Net profits for the year ending 30th November, after providing for all bad and doubtful debts	3,116,136 72
	\$4,900,116 09

This has been appropriated as follows:

Dividends	\$1,800,000 00
Bonus	150,000 00
Dominion and Provincial Government taxes	325,000 00
Written off Bank Premises	500,000 00
Transferred to Pension Fund	178,370 69
Balance carried forward	1,046,745 40
	\$4,900,116 09

CONDENSED GENERAL STATEMENT 30th November, 1921

LIABILITIES

Notes of the Bank in circulation	\$ 23,477,574 88
Deposits not bearing interest	98,985,984 79
Deposits bearing interest, including accrued interest	254,169,215 74
Balances due to other Banks in Canada	59,738 01
Balances due to Banks elsewhere than in Canada	11,348,021 05
Bills Payable	2,758,126 73
Acceptances under Letters of Credit	4,790,063 31
	\$395,588,724 51
Dividends Unpaid	4,447 62
Dividend and bonus, payable 1st December	600,000 00
Capital Paid up	15,000,000 00
Reserve Account	15,000,000 00
Balance of Profits as per Profit and Loss Account	1,946,745 40
	\$428,139,917 53

ASSETS

Gold, Silver and Dominion Notes	\$ 55,662,871 58
Deposit in Central Gold Reserves	9,500,000 00
Notes and Cheques of other Banks	18,731,434 71
Balances due by other Banks in Canada	308 11
Balances due by Banks elsewhere than in Canada	14,183,070 05
Deposit with the Minister of Finance for the Circulation Fund	800,000 00
Bonds, Debentures and Stocks	39,981,679 90
Call and Short Loans	45,810,790 87
Other Current Loans and Discounts	229,922,808 06
Liabilities of Customers under Letters of Credit, as per contra	4,790,063 31
Overdue Debts (estimated loss provided for)	519,883 13
Real Estate and Mortgages	776,922 83
Bank Premises	7,337,761 20
Other Assets not included in the foregoing	122,323 78
	\$428,139,917 53

B. E. WALKER

PRESIDENT

JOHN AIRD

GENERAL MANAGER

Report of the Auditors to the Shareholders of The Canadian Bank of Commerce (as attached to the full General Statement)

In accordance with the provisions of sub-sections 19 and 20 of section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash, and verified the securities representing the investments of the Bank, at its chief office and principal branches at a date other than that of the verification at the chief office on the 30th November, 1921, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A.)
of George A. Touche & Co.)
D. DEWAR, C.A.) Auditors
of Marwick, Mitchell & Co.)

TWELVE MONTHS' BANK FIGURES COMPARED

	Circulation (Average monthly)		Deposits on Demand.		Deposits after Notice.		Deposits Abroad.	
	1919	1920	1919	1920	1919	1920	1919	1920
	\$	\$	\$	\$	\$	\$	\$	\$
November	248,073,385	253,576,534	728,657,589	686,754,094	1,137,858,277	1,292,099,008	259,047,187	351,780,924
December	247,611,079	246,859,667	703,392,204	657,496,742	1,138,086,691	1,293,007,488	275,342,645	356,771,009
	1920	1921	1920	1921	1920	1921	1920	1921
January	237,269,805	229,608,213	621,408,024	584,025,710	1,163,297,037	1,313,93,870	285,203,939	318,622,947
February	223,979,656	211,640,206	620,069,555	561,578,474	1,187,027,307	1,318,855,482	277,478,631	305,778,387
March	231,220,770	215,931,035	657,412,028	560,937,663	1,197,719,570	1,319,142,196	318,277,881	300,181,609
April	243,226,193	216,262,907	652,918,760	552,121,294	1,209,573,760	1,313,832,514	327,235,197	267,60,093
May	235,085,179	207,359,887	645,957,229	552,868,059	1,229,073,515	1,315,282,372	345,095,475	269,074,347
June	238,088,555	207,056,687	659,622,583	562,194,316	1,243,700,977	1,308,778,473	360,358,386	282,158,779
July	240,833,686	203,134,777	639,415,025	525,085,166	1,253,170,443	1,295,226,768	348,008,545	274,231,912
August	237,697,647	197,461,372	640,361,707	527,362,713	1,261,647,732	1,279,830,731	356,570,176	268,088,677
September	242,988,866	198,552,227	677,286,905	534,307,452	1,270,194,097	1,263,763,852	355,238,992	295,574,501
October	252,882,760	200,871,793	687,651,781	565,650,636	1,271,275,751	1,251,323,839	399,955,233	284,254,860
	Current Loans in Canada		Current Loans Abroad		Call Loans in Canada		Call Loans Abroad	
	1919	1920	1919	1920	1919	1920	1919	1920
	\$	\$	\$	\$	\$	\$	\$	\$
November	1,189,408,523	1,257,973,118	149,302,293	173,379,729	132,015,334	112,474,318	170,206,805	191,854,003
December	1,207,109,046	1,301,804,342	168,955,696	163,044,476	127,251,919	112,680,497	184,469,882	190,413,527
	1920	1921	1920	1921	1920	1921	1920	1921
January	1,226,962,963	1,264,490,463	182,533,124	164,093,930	128,233,310	113,818,338	205,202,133	168,598,046
February	1,257,015,902	1,266,235,381	180,711,238	159,707,351	125,644,859	110,289,586	206,229,451	154,173,055
March	1,322,267,030	1,280,982,873	183,642,658	159,087,151	119,114,493	111,251,193	213,946,182	157,935,965
April	1,347,238,230	1,281,145,047	185,085,021	155,238,085	115,360,894	107,552,691	203,045,209	160,890,729
May	1,349,079,981	1,271,619,731	183,986,222	155,846,239	115,272,587	110,775,140	219,214,431	165,860,689
June	1,365,151,083	1,756,642,883	184,328,464	150,763,865	113,598,923	106,115,117	193,888,245	157,757,835
July	1,377,276,853	1,237,093,871	190,914,952	151,489,861	114,669,611	106,729,270	186,962,960	183,290,756
August	1,385,470,153	1,226,467,704	200,945,241	156,518,933	113,135,902	105,362,186	188,367,459	172,013,135
September	1,417,520,756	1,239,637,351	202,590,184	169,677,657	121,754,469	108,471,340	169,626,880	218,183,195
October	1,405,401,227	1,243,748,818	193,749,657	184,540,917	125,888,760	114,703,246	172,232,161	211,442,652

MONTREAL AND QUEBEC SAVINGS INSTITUTIONS

Their Experience During the Past Year Has Followed That of the Chartered Banks

TWO Canadian financial institutions which are not very well known, because of their local nature, are the Montreal City and District Savings Bank and the Caisse d'Economie Notre Dame de Quebec. Nevertheless, they are both important banking organizations in their respective communities, despite their apparent obscurity from the rest of the country.

In recent months, The Monetary Times has placed the affairs of both these banks before the financial public in brief reviews, and perhaps it has already been observed that their position as compared with the chartered banks, is by no means insignificant.

Perhaps one of the biggest services, outside of the facilities offered to the saving public, is the purchase of municipal securities. One-third of their resources are invested in such bonds and debentures. No doubt the municipalities of the province of Quebec are well represented in the holdings of these banks.

Regarding liquid condition, these French-Canadian institutions stand high, compared with the chartered banks. Of course, all of their assets are more or less liquid, for loans are backed by some tangible security, while in the chartered banks a good percentage of the loans are made on the credit of the borrower. But, strictly speaking, the ratio of liquid assets to liabilities to the public in the case of the Montreal bank is more than eighty per cent., while in the other case the percentage is higher than seventy per cent.

A comparison of the principal accounts over a period of thirteen months makes a very interesting summary:

	Montreal City and District Savings Bank			
	Notice	Loans on	Can. mun.	Cash
	Deposits	Securities		
1920				
October	\$43,950,117	\$9,576,381	\$15,071,560	\$7,037,959
November	44,739,517	9,463,117	15,091,333	7,902,411
December	45,448,298	9,314,280	15,508,218	8,173,364
1921—				
January	46,289,808	9,130,405	15,204,085	8,567,488
February	46,933,620	8,619,423	15,685,561	8,772,889

March	47,189,056	8,523,152	16,558,115	7,883,312
April	47,348,066	8,273,440	16,705,095	8,384,918
May	46,868,847	8,241,176	16,799,658	7,890,964
June	46,529,873	8,251,532	17,020,003	7,247,357
July	46,304,119	7,915,843	16,939,933	7,332,332
August	46,258,673	7,616,241	16,910,601	7,621,750
September	46,450,609	7,519,689	16,890,517	7,431,824

	Caisse d'Economie Notre Dame de Quebec			
	Notice	Loans on	Can. Mun.	Cash
	Deposits	Securities		
1920				
October	\$40,507,703	\$3,243,922	\$4,070,941	\$1,520,242
November	40,174,401	3,224,999	4,070,489	1,386,887
December	40,579,595	3,181,597	4,067,583	1,574,147
1921—				
January	40,711,118	3,221,694	4,066,980	1,709,277
February	40,925,048	3,320,519	4,062,807	1,669,367
March	41,087,718	3,331,401	3,977,807	1,692,245
April	41,113,740	3,294,420	3,975,774	1,701,012
May	41,148,181	3,385,056	3,973,140	1,571,332
June	40,932,048	3,377,623	3,967,841	1,388,151
July	40,801,969	3,360,966	3,965,342	1,317,669
August	40,853,475	3,362,502	3,965,342	1,469,039
September	40,833,553	3,364,612	3,962,035	1,494,281

The Quebec Savings Act

Both banks are subject to the "Quebec Savings Bank Act," and it would be well to notice how they are controlled by some of the principal statutes. Money may be borrowed by taking deposits and by paying interest thereon. Apparently there is no limit to which deposits may be taken.

At least twenty per cent. of the deposits must be held in cash, government and provincial securities of the Dominion, Canadian municipal debentures, or any other approved securities. The banks have more than complied with this rule, as already noted. Some government securities are held, but resources are chiefly in the form of cash and municipal bonds.

Loans may be made to anyone, providing suitable collateral is forthcoming. Special provisions are made in connection with the federal and provincial governments, municipalities, and other institutions. As in the case of the chartered banks, no loans may be made on real or immovable property.

Montreal City and District

A special word might be made of the Montreal City and District Savings Bank, in view of its present standing and past history. It was founded in 1846 by a group of influential citizens of Montreal in order to promote habits of



A Dominion-Wide Scope

AIMING to give a helpful and efficient banking service to every part of Canada the Union Bank of Canada has built up a chain of 380 branches including the most important points throughout the country.

We operate Farthest North as well as from Coast to Coast—a Dominion-wide scope.

Our branches in London, England, Montreal, Toronto, Winnipeg and Vancouver, and our New York Agency (49 Wall St.) are equipped with perfectly organized Foreign Exchange Departments, prepared to finance and advise Canadian exporters and importers.

In addition, branches of the Park-Union Foreign Banking Corporation, which is jointly owned and controlled by the National Park Bank of New York and the Union Bank of Canada, offer direct banking connections in the Far East, at Yokohama and Tokyo, Japan; and Shanghai, China; in the United States, at San Francisco, Cal., and Seattle, Wash., and in Paris, France.

BOARD OF DIRECTORS

Sir William Price, Quebec, Hon. Pres.
 John Galt, Winnipeg, President
 G. H. Thomson, Quebec, Vice-President
 Stephen Haas, Toronto, Vice-President
 W. R. Allan, Winnipeg, Vice-President
 G. H. Balfour, Winnipeg
 G. M. Black, Winnipeg
 Hume Blake, Toronto
 M. Pail, Winnipeg
 Sir John W. Carson, C.B., Montreal
 B. B. Cronyn, Toronto
 E. L. Drewry, Winnipeg
 S. E. Elkin, St. John, N.B.
 D. N. Finnie, Winnipeg
 A. Hitchcock, Moose Jaw, Sask.
 J. S. Hough, K. C. Winnipeg
 F. E. Kenaston, Minneapolis, Minn.
 W. H. Malkin, Vancouver, B.C.
 R. O. McCulloch, Galt, Ont.
 Wm. Shaw, Quebec

OFFICERS

H. B. SHAW, Winnipeg, General Manager
 J. W. HAMILTON, Winnipeg,
 Asst. General Manager
 F. W. S. CRISPO, Winnipeg,
 Asst. General Manager
 GEO. WILSON, Toronto,
 Asst. General Manager
 F. W. ASHE, London, Eng.,
 Asst. General Manager

UNION BANK OF CANADA

Capital and Reserve - \$14,000,000.

Total Assets (Nov. 30, 1921) - over \$152,000,000

industry and economy among the working people. Savings banks at that date were of recent creation. The idea first arose in Switzerland, in the last of the eighteenth century, and the first savings bank in England was opened in 1801.

When the "City and District" was founded, there was already a Montreal savings bank under the wing of the Bank of Montreal. In 1871 the federal parliament decided to surround the savings of the people with greater safeguards, and they gave the several savings banks the option of subscribing capital stock or transferring their business to a chartered bank of the government itself. The "City and District" chose the former, and to this day has remained a separate institution, although none the less valuable or safe.

The beginnings of the institution were slow and arduous. New habits had to be inculcated among the laboring classes and prejudices had to be overcome. After twenty-five years of diligent missionary service, the number of depositors totalled 9,362, and the amount of their deposits was \$2,880,789. In the jubilee year there were 45,593 depositors, with \$9,360,783 to their credit. There are now more than 200,000 depositors, with deposits of nearly \$50,000,000.

MOVEMENT OF CURRENT AND CALL LOANS

Course of These Accounts in Past Year, in Relation to Movement of Prices

COMPARING the figures of current loans and discounts by months for the past two years, and, for purposes of such comparisons, weighting them according to the value of the dollar, measured by its purchasing power, as was done with the deposits in another column, the result is rather more encouraging than the mere figures would indicate. At the same time they still show below the figures of December, 1913. This is a fair indication of how far business is below normal. The trend, however, is upward.

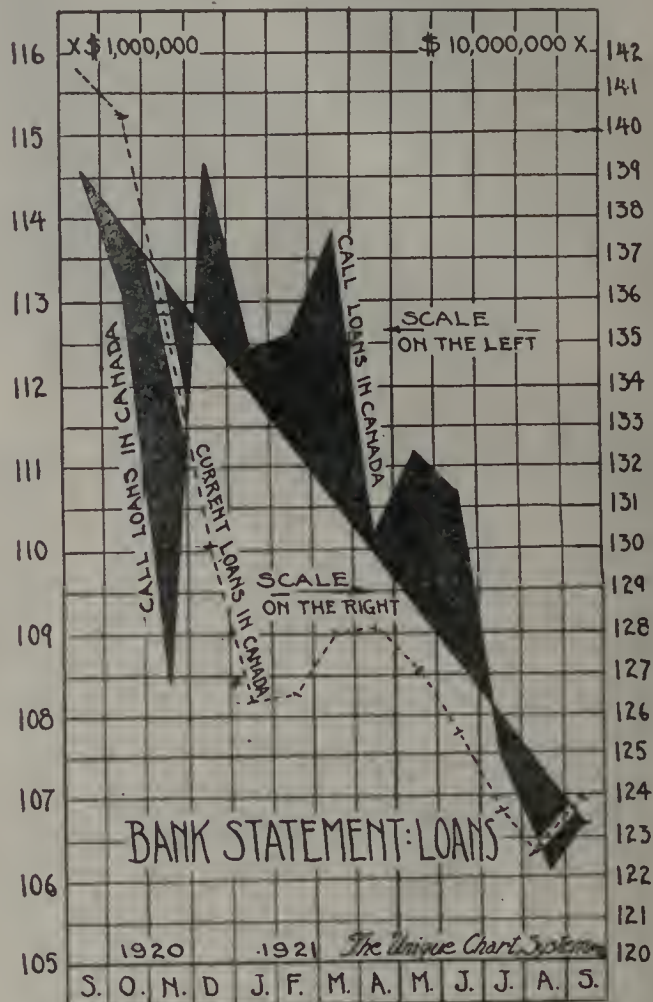
	000,000 omitted Value of Weighted Dol'ar Figures		
1920			
January	1226	40	490
February	1257	40	503
March	1322	38	502
April	1347	38	512
May	1349	38	512
June	1365	38	525
July	1377	39	537
August	1385	40	536
September	1417	41	580
October	1405	42	590
November	1357	44	596
December	1301	46	598
1921			
January	1264	48	606
February	1266	50	633
March	1280	51	652
April	1281	53	678
May	1271	54	686
June	1256	56	703
July	1237	57	704
August	1226	57	698

The call loans in Canada and abroad, based largely on stock exchange collateral, show reductions, indicating, in Canada at any rate, a steady curtailment of accommodation for this class of business.

Call Money in New York

The call loans elsewhere than in Canada are in a somewhat different category. These funds are loaned chiefly in New York, being placed in that market rather than at home because of the greater ease of realization there than in Canada. At times this policy is criticized, but it is sound nevertheless. The intention is to hold part of their reserves invested so as to earn a revenue and at the same time have them so placed that they can be realized on at once in case of need, and for this purpose the New York market is

preferable to either Montreal or Toronto. Without such use of their surplus the earning power of the banks would be materially reduced, and this without increasing the amounts available for Canadian loans, and deprived of this outlet it would simply mean increased cash held in the



vaults in Canada, and cash unemployed produces no revenue. It would not be advisable to increase Canadian call loans, as in the event of a stringency necessitating an extensive calling of such loans realization would not be so readily accomplished as under the present system.

POLICY LOANS INCREASED

New loans on life insurance policies made during the first six months of 1921 were \$10,661,222, an increase over the previous six months. The following comparative figures come from the Department of Insurance, Ottawa, and relate to companies operating under Dominion license:—

	Jan. 1 to June 30, '20	July 1 to Dec. 31, '20	Jan. 1 to June 30, '21
Bal. at beginning of period	\$44,694,489	\$46,071,026	\$49,306,774
Loans made	6,962,033	9,432,678	10,661,222
Loans repaid on surrender of policy	1,186,875	1,297,490	1,206,650
Loans repaid on maturity by death	383,590	278,020	335,444
Loans repaid on maturity otherwise than by death..	701,059	767,077	637,569
Prior to termination of pol- icy	3,313,972	3,854,343	4,031,750
Total repaid	5,585,496	6,196,930	6,211,413
Balance at end of period...	46,071,026	49,306,774	53,756,583

Car Prices Were Lower

During 1921 the prices of automobiles dropped almost as a general thing to near pre-war levels, and it is likely that if any change occurs in the near future it may be towards a slightly higher level.

IMPERIAL BANK OF CANADA

Capital Paid Up \$7,000,000 Reserve Fund \$7,500,000

The Imperial Bank of Canada, established over forty years ago, and brought to a high state of efficiency in service and equipment, provides for every modern banking requirement. Each of its 220 branches throughout the Dominion conducts a general banking business. Collections are made in Canada and abroad; Domestic and Foreign exchange bought and sold; Drafts and Letters of Credit issued; Government and Municipal Securities dealt in; Deposits received and interest credited at current rates. Through affiliation and close co-operation with strong banking institutions in Great Britain and foreign countries, a world-wide financial service is available.

Statement of Resources and Liabilities as on Nov. 30th, 1921

Resources:

Cash and balances due from the banks	\$25,689,344
Imperial Government, Dominion of Canada and other Securities	15,162,353
Other loans	75,373,079
Bank Premises, Real Estate other than Bank Premises and other assets	6,780,284
	\$123,005,060

Liabilities:

Notes in circulation	\$10,625,121
Deposits	95,228,556 ..
Due to other Banks	1,029,661
	\$106,883,338

220 BRANCHES THROUGHOUT CANADA

HEAD OFFICE - TORONTO

Peleg Howland, President

A. E. Phipps, General Manager

BANK CLEARINGS AND WHAT THEY MEAN

Figures For Past Few Months Show Big Decrease, But
Prices Have Come Down Also

THE Clearing House figures are now well established as an indication of the progress of trade in the districts to which they apply, and their rise or fall by weeks and months are widely commented on in the press. Recently they have shown a declining tendency, and attention is drawn to the slackening of trade denoted thereby. Under normal conditions much of the comment would be appropriate, but these are not normal times, and unless allowance is made for altered conditions it is impossible to satisfactorily compare one period with another.

The only use to which these figures can be put is to compare with those of other periods as a gauge of the general trend of business. They cannot be used to show the actual volume with any accuracy as the figures show only the transactions between different banks. They do not include transactions when these are between the customers of the same bank, nor between branches of the same bank. Also, the figures in the larger centres are swollen by clearing settlements in the other centres. The manner of settlement is responsible for this latter as it is only in one centre in each province that settlement is by legal tender—Dominion Government Notes—the other clearing houses settling their daily balances by drafts on one or other of the main clearing centres. The figures, however, do give an indication of the trend of business, and as a guide in this are valuable.

Interpreting Clearing Figures

They cannot, however, be used in the "raw." They are expressed in terms of money, and money while a measure of value is also a commodity and varies in value according as its purchasing power increases or decreases. The basis of this is the fact that, when goods are exchanged for money the seller of the goods buys the money from his customer quite as much as the latter buys the goods. When prices are high money has fallen in value, and vice versa. This is now decided by what are termed index numbers. The average wholesale price of a number of commodities in common use over a certain period is taken as the standard, and as these prices rise the value of money is considered to fall, and to rise when these prices decline. The Canadian Department of Labor issues the bulletin of prices for Canada, and according to it the average value of the dollar in 1920, as compared with 1913, was 40 cents, while the average for the first 8 months of 1921 was 53 cents.—A decided increase in the purchasing power of money, i.e. its value.—When the clearing figures for the corresponding periods of the two years are adjusted according to these figures the showing made does not indicate a reduction in volume of actual trade as would appear from the ordinary figures.

Actual and Adjusted Values

The following table showing the actual and adjusted figures for the last three months in 1920 and the monthly clearings up to the end of September 1921, shows that allowing for the increased value of the dollar there has been a larger activity in the past year than the previous one though not up to pre-war levels.

	Actual	Adjusted
August, 1920	1535	614
September	1607	643
October	1935	774
November	2034	813
December	1923	769
January, 1921	1485	712
February	1305	652
March	1336	681
April	1466	777
May	1515	818
June	1472	824
July	1365	778
August	1288	735
September	1338	
October	1542	

The total clearings for 1913 were \$9,260,000,000 while those for 1920 were \$20,283,000,000. The dollar in 1920 however was worth 40 cents in comparison to that of 1913, and the clearings of 1920 measured by the standard of the former year would show as \$8,113,000,000, indicating a volume of actual trade considerably less than that of 1913.

In comparing totals of various cities in Canada with those of cities in the United States it must be remembered that the Canadian figures include bank notes, which each bank receives in the course of business and sends in to the bank of issue for redemption daily. In the United States the issues of bank notes are based not on the assets of the banks, as with us, but on United States bonds lodged with the Treasury Department, and the notes therefore are not sent in for redemption as in Canada.

LOANS TO BANK DIRECTORS

Figures Show Only a Small Variation Over a Period of
Four Years

IT may be just a matter of curiosity, or it may be for some deeper reason, that the minister of finance requires a little "inside information" on the affairs of our banks each month, although the amount of facts required is just a little, and only a fraction of what the United States government demands of the banks in that country.

The Canadian government, unlike other governments, does not make a public examination of the banks, for it has been found that the banks can do that best themselves, and furthermore, the ordeal through which a new bank has to pass before it can start business is much more severe than in the United States, where there is government regulation, thus limiting the possibilities of the springing up of undesirable institutions.

But in addition to the statement of regular accounts, the government desires of the chartered banks each month, figures showing the average amount of cash holdings. This may be to prevent bank officials from developing that improper, but not unusual habit of strengthening cash reserves when statement time comes round, although you can't really blame the banks for wanting a little "window dressing," for after all, as one of our clearing house managers is fond of pointing out, there is a close analogy between the bank and retail store, and it is only natural that the banks want to look their best when most in the eyes of the public.

However, it is not to dwell on that point but to pass on to the other important request which the treasury department makes of the banks, and that is the amount of loans to directors and firms of which they are partners. Of course, no sensible banker will jeopardize the position of his institution for the sake of another concern in which he is interested, although there is undoubtedly a favoritism which might be overextended in times of trouble.

The past year has been one of strain to a good many industries and commercial concerns, and view of the financial interest which a good many of our bankers have in such businesses, it would have not been surprising to have seen an increase in the amount of loans to directors and the firms in which they were partners. As a matter of fact the volume of loans was smaller than previously, and just as regular as in the few preceding years.

The following figures show the recent trend of such loans:

	1918	1919	1920	1921
January . . .	\$8,282,811	\$8,412,352	\$10,193,668	\$10,229,001
February . .	8,124,358	8,935,094	10,486,347	10,445,676
March	9,490,038	9,513,529	10,838,430	11,130,653
April	8,304,424	9,274,523	11,192,329	10,453,095
May	7,967,892	7,919,869	10,753,595	9,618,890
June	8,013,622	7,275,448	10,506,652	9,694,636
July	7,642,280	8,645,725	10,408,321	9,786,022
August	7,544,298	8,545,891	10,514,251	9,390,964
September . .	7,227,344	9,135,518	9,641,328	9,158,030
October	7,329,893	8,837,140	9,951,009	9,129,816
November . .	7,749,377	10,742,309	9,567,258	
December . .	9,021,436	9,573,924	10,359,428	



The Bank of Nova Scotia

ESTABLISHED 1832

Capital	-	-	-	-	-	\$	9,700,000
Reserve Fund	-	-	-	-	-		18,000,000
Total Assets	-	-	-	-	-		230,000,000

General Office

Toronto, Canada

H. A. RICHARDSON - - - - - General Manager

BRANCHES IN CANADA

46 in Nova Scotia	133 in Ontario	20 in Quebec
11 in Prince Edward Island	42 in New Brunswick	34 in Western Provinces

NEWFOUNDLAND

St. John's and 23 other points

WEST INDIES

CUBA	-	-	-	-	-	-	Havana
PORTO RICO	-	-	-	-	-	-	Fajardo, Ponce, San Juan
JAMAICA	-	-	-	-	-	-	Kingston and 10 other points
DOMINICAN REPUBLIC	-	-	-	-	-	-	Santo Domingo, San Pedro de Macoris and Santiago de los Caballeros

UNITED STATES

Boston Chicago New York (52 Wall Street) .

GREAT BRITAIN

LONDON, ENGLAND - - - 55 Old Broad St., E.C. 2

Correspondents

GREAT BRITAIN—London Joint City and Midland Bank, Ltd.; Bank of England; Royal Bank of Scotland.

FRANCE—Credit Lyonnais.

UNITED STATES—Bank of New York, N.B.A., National Bank of Commerce, New York; Merchants National Bank, Boston; First National Bank, Chicago; Fourth Street National Bank, Philadelphia; Citizens' National Bank, Baltimore; American National Bank, San Francisco; First National Bank, Minneapolis; First National Bank, Seattle.

LEGAL DECISIONS ON PUBLIC FINANCE

County Court's Attitude on Dominion Income Tax—City of Medicine Hat Charter—Decision on Quebec Succession Duties

CASES before Canadian Courts reported in the Monetary Times during the past year, have involved matters touching on our triple government financial scheme.

The most outstanding is one in which Judge Gunn of the Carleton County Court held an appeal that no justice of the peace or magistrate has jurisdiction to try cases where false Dominion Income Tax returns are alleged to have been made. His judgment concludes as follows:

"I am opposed to the conviction made in support of this conviction that the War Income Tax Act imposing, as it does, the making of returns extending in number to hundreds of thousands, makes it lawful for the minister of finance or any authorized official of that department to lay a complaint against any or all of those returns containing a false statement of the income of any taxpayer and subjects him to the judgment of any magistrate or justice of the peace to determine his liability for \$10,000 or six months' imprisonment, or both, in such a decision, until I hear it clearly stated so in that act, and as it stands, parliament having given expressly all jurisdiction to the Exchequer Court, I do not appreciate the attempt here made to institute proceedings before a provincial authority of inferior jurisdiction, as it means and leads to far-reaching convictions not reasonably within the consideration.

"There have been so many annual amendments to the income act that any returns made in 1917 and 1918, no matter how correct then, could be false now as 'income' was by these amendments given an extended meaning, and the defendant might well say truthfully that the returns of 1917 and 1918 are not correct—but false—and still be guiltless of the penalty. In any case I am clearly of the opinion that the injection of the words 'on summary conviction' in subsection 2 of section 9 does not clearly and expressly confer jurisdiction on any magistrate or justice of the peace to convict any person of any penalty laid by the Income War Tax Act.

Another decision was given by Judge Gunn with reference to the Sales Tax, during the year. The Attorney General of Canada brought action against Peter Karson, candy merchant, to recover the ten per cent. manufacturers tax on the candies made by him, as well as the sales tax for the same candies when sold across his counter.

The action was brought at the instigation of the Department of Inland Revenue, which took the position that although the candies made by Karson were used entirely in connection with his retail business, he was nevertheless a manufacturer and under sections 19 BB and 19 BBB, became liable for the taxes sued for.

Judge Gunn holds that the section governing the 10 per cent. manufacturers' tax is by its wording limited to goods imported or, at all events goods which have a duty-paid value, and that, as the defendant's goods did not come under this heading, no manufacturers' tax was payable.

Taxes Recoverable By Personal Action

In an appeal by the city of Medicine Hat from a judgment on a special case where the city sought personal judgment for taxes alleged to be due to the city in respect of real property situated therein, it was held that certain sections of the city's charter, makes taxes which are due it a debt recoverable in a personal action by it and the commission to include the lots in a tax sale which was held does not release the debtor from his liabilities.

Provisions of Statute

Justice Stuart in his judgment says: "It was contended by the defendant that the act in question did not give any right to the corporation to recover the taxes as a debt. The material sections of the act contained in title 32 are as follows: '6. The taxes due upon any land may be recovered from any owner or tenant originally assessed therefor and from any subsequent owner of the whole or any part thereof saving his recourse against any other person, and such taxes shall be a special lien upon the land and shall be collectable by action or distraint in priority to every claim, privilege,

lien or encumbrance of every person except the King; and lien in its priority shall not be lost or impaired by any neglect, omission or error of any officer of the city. 7. The copy of a copy of so much of the roll as relates to the property liable by any person in the city certified as a true copy by the secretary-treasurer shall be conclusive evidence of the debt.'

"It is apparently well settled law that a tax is not a debt unless expressly declared to be so by the statute imposing it. The simple question is whether by the words used in the above sections, the court should hold that the statute has declared the taxes to be a debt. The words are practically the same as those of section 305 of the Iowa Act, and in the case of 'Castor v. Fenton,' the chief justice held that under the latter section taxes could be recovered in a personal action as a debt.

Gives Right to Personal Action

"It is a settled canon of construction that a statute ought to be so construed that if it can be prevented, no clause, sentence or word shall be superfluous, void or insignificant. So in the present case if the contention of the defendants be correct as to the meaning of section 6 of title 32—viz., that it merely creates a lien and gives a right to collect the taxes in an action to enforce the lien or by distress, then all the words of the section down to 'thereof' in the third line are superfluous. They would in that case, add absolutely nothing whatever to the meaning of the statute because everything that the defendants admit is done by the section is done fully and completely by the succeeding words.

"I cannot but conclude that the real meaning and effect of the statute is to make the taxes a debt recoverable by personal judgment and I therefore think the appeal should be allowed with costs and I see nothing in the statute which shows that the omission to include the lots in a tax sale which was held would release the defendants from their liability."

Succession Duties

Following in the long line of decisions on Succession Duties and the methods of imposition, the Supreme Court of Canada handed down a decision in the case of Barthe v. Alleyn-Sharples, on appeal from the King's Bench Court of Quebec.

The facts of the case were: Amongst other assets, the estate of the late John Sharples, who died domiciled in the province of Quebec, in July, 1913, comprised shares in various companies (most of them foreign), whose head offices were not in that province, of which the aggregate value was \$213,039.75. The defendant Margaret Alleyn-Sharples is the universal legatee in ownership. The plaintiff Barthe, as collector of provincial revenue, sues to recover succession duties in respect of this property.

The article in question, of the Quebec Succession Duty Act, read:—

"1387 (b). All transmissions within the province, owing to the death of a person domiciled therein, of movable property locally situate outside the province at the time of such death, shall be liable to the following taxes, calculated upon the value of the property so transmitted, after deducting debts and charges as hereinafter mentioned."

The Hon. Mr. Justice Davies in his judgment says:

"The Superior Court, acting upon and applying the well-known rule *mobilia sequuntur personam*, gave judgment for the plaintiff *es-qualité* for the amount of the duties levied and payable under the statute. The judgment was reversed on appeal by the Court of King's Bench in a majority judgment of that Court which held that 'the powers of the provincial legislature are not plenary but limited to "direct taxation within the province;" (British North America Act, sec. 92 (2)); and that any attempt to levy a tax on property locally situate outside the province is not taxation within the province and is beyond the competence of the provincial legislature; that the taxation of transmissions within the province of property locally situate outside the province is an attempt to do indirectly that which the legislature is forbidden to do directly and is in effect taxation of property within the province; and



FIRST

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THE TORONTO GENERAL TRUSTS CORPORATION.

that the property and shares in question in this case are locally situate and have a situs outside the province."

Domicile of the Owner

"I agree with that part of this judgment which declares the powers of the provincial legislature not to be plenary but to be limited to 'direct taxation within the province.' And I further agree that the taxation of 'transmissions within the province' of property locally situate outside it is an attempt to do indirectly that which the legislature cannot do directly, but I differ from the conclusion reached by the Court that the property and shares in question in this case are locally situate and have a situs outside of the province and so beyond the jurisdiction of the province legislature in levying succession duties. The judgment now in appeal ignores the application of the rule making the domicile of the deceased owner, in questions arising out of succession and legacy duties, the test of the situs of the property and shares in question and adopts that which allots the situs to the location of the head office of the respective companies and so carries this intangible property outside of the province of Quebec.

"I may say that owing to the grave and great importance of the question I have deemed it right in this appeal again to reread all these authorities with the result that I am more firmly convinced than ever, that, in construing the powers of 'direct taxation within the province' granted to provincial legislatures by our Constitutional Act, so far as the levying of succession and legacy duties are concerned, the true rule is that which existed alike in Great Britain as in the province of Quebec at the time such act was passed, namely, that the domicile of the deceased owner of the property, and not its actual location at his death, determined which province could impose succession and legacy duties upon it. That rule is not applicable in the construction of statutes levying probate and estate duties or other taxes, but is confined to succession and legacy duties. The whole question was thoroughly thrashed out and determined in the House of Lords in the appeal case of *Winans vs. Attorney-General* where the rules respecting succession and legacy duties and estate and probate duties are clearly laid down and the reasons for the application of the mobilia rule to the two classes of duties, succession and legacy are given and for its non-application to estate and probate duties. I was greatly tempted to embody in these reasons of mine some extracts from the judgments of the noble lords who decided that case. They were unanimous in their reasons for the judgment they delivered in determining that so far as succession and legacy duties were concerned the domicile of the deceased owner, and not the local situation of the property, must be taken as the controlling factor."

DOMINION AND POST OFFICE BANKS

They Have Been Steadily Losing Ground During Past Few Years—Losses in 1921

FOR the past two or three years the government banking systems in this country have not been producing very good results. Not only have deposits fallen off to a marked degree, but withdrawals have been made in big volume.

There are several reasons, all of which seem important. The convenience and safety of the chartered banks, with their numerous branches within a short distance of nearly all of the saving public, is being more greatly appreciated, and the government is thereby losing a good deal of custom.

The interest paid to the depositors is no more than that paid by chartered banks, so that there is no inducement for the people to go to all the trouble which is involved in depositing and withdrawing funds.

Furthermore, the government institutions are essentially the "poor man's" savings banks, because they operate chiefly for the benefit of the poorer classes of people and those who are ignorant and suspicious of the safety of the chartered banks, and in view of the conditions which the average laborer or workingman has been up against in the past year, it is not surprising to find a big drop in savings and heavy withdrawals.

Unemployment has been acute amongst the laboring class, and where there has been employment, wages have been reduced to a much lower scale. Even chartered bank deposits have fallen away largely, so that it is hardly likely that the government institutions would have been affected differently. The trend of deposits and withdrawals of the Post Office Savings Banks during the past thirteen months, is as follows:

Post Office Savings

	Deposits.	Withdrawals.
1920		
October	\$591,725	\$ 775,766
November	621,357	854,377
December	537,243	789,540
1921—		
January	487,321	759,373
February	380,724	898,940
March	404,217	963,732
April	307,901	1,166,195
May	324,738	1,024,042
June	315,608	830,753
July	287,480	751,629
August	286,932	786,545

The balance at the credit of depositors in the post office banks at the end of October, 1919, was \$35,810,419, but by November, 1920, this figure was reduced to \$29,156,896, and is now as low as \$.....

Results in the Dominion government savings banks in recent months are as follows:

Dominion Government Savings Bank

	Deposits.	Withdrawals.
1920		
October	\$155,350	\$180,441
November	181,132	181,142
December	199,186	*547,746
1921.		
January	177,767	*534,832
February	143,618	109,059
March	127,902	126,760
April	172,485	210,792
May	164,792	223,075
June	128,491	189,503
July		
August		
September	108,824	167,145
October	116,907	185,664

At the end of October, 1919, the balance in these banks was \$11,074,418, and by December, 1920, the figure had been reduced to \$10,188,315, and is now \$9,678,624.

The Money Is Cheap

Under ordinary circumstances the government would be profiting by these savings banks, for it is similar to securing a loan at a very cheap rate. At the present time, however, it hardly seems as though there are any advantages at all, for a good deal more is being withdrawn than is put in, and this is a costly undertaking.

As stated before, the interest is only three per cent., but the cost to the government is nearer four per cent., after taking into consideration the cost of keeping accounts.

If an adequate reserve were maintained it would bring the cost still greater, but the government avoids the expense and responsibility by a clause in the Bank Act which makes it compulsory for banks to honor government cheques without charge wherever presented, and nearly all withdrawals are made in this form.

YUKON GOLD PRODUCTION

The gold yield in the Yukon Valley, including Canadian and New York territory, for the season of 1921, aggregated approximately \$4,000,000, according to V. Richards, superintendent of the Northern Commercial Posts of Alaska. Of this amount \$2,675,000 came from interior Alaska, \$1,250,000 from the Yukon Territory, and \$75,000 from Atlin, B. C.

Capital, \$2,000,000



Reserve, \$2,000,000

National Trust Company

Limited

Executor Guardian Administrator Assignee Trustee Liquidator

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**1811 CORNWALL STREET
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(Official administrator for the judicial
district of Weyburn, Sask.)

Mercantile Trust Company of Canada Limited

HAMILTON, ONTARIO

Paid-Up Capital, \$500,000

Reserve, \$125,000

**Executor, Trustee
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The Company will act as Agent for Executors
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Maj.-Gen. Hon. S. C. Mewburn, Stanley Mills,

C. S. Wilcox, W. A. Wood,

S. C. MACDONALD, Manager

HOW BANK BRANCHES ARE DISTRIBUTED

(Figures are as at October 31, 1921.)

	Ontario.	Quebec.	Nova Scotia.	New Brunswick.	Prince Edward Island.	British Columbia.	Manitoba.	Saskatchewan.	Alberta.	Yukon and N. W. T.	Newfoundland.	United States.	United Kingdom.	Continental Europe.	Mexico.	West Indies.	Central America.	South America.	Other Countries.	Total.
BANKS:	132	89	25	7	10	64	35	79	71	2	5	4	1	...	1	4	...	1	1	-531
Commerce	89	6	...	...	...	4	16	7	8	...	...	1	1	...	...	...	...	...	...	132
Dominion	73	1	...	...	...	12	33	29	15	...	...	...	...	...	...	...	...	...	...	163
Hamilton	35	273	...	...	...	...	24	12	15	...	...	...	...	...	...	...	...	...	...	364
Hochelaga	47	4	...	...	...	2	10	10	2	...	...	...	...	...	...	...	...	...	...	75
Home	113	3	...	...	...	18	12	35	39	...	...	...	...	...	...	...	...	...	...	220
Imperial	130	44	3	1	...	15	38	41	75	...	...	1	1	...	...	...	...	...	...	349
Merchants	73	47	...	...	...	3	2	...	4	...	...	...	...	...	...	...	...	...	...	129
Molsons	98	50	15	16	1	51	17	43	15	1	8	4	2	...	1	...	...	...	1	323
Montreal	2	101	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	104
Nationale	133	20	46	42	11	4	10	16	4	...	24	3	1	...	...	18	...	...	...	332
Nova Scotia	23	248	...	25	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	299
Provincial	196	64	72	25	10	55	38	99	44	...	8	1	1	2	...	88	2	13	...	718
Royal	121	1	...	1	...	1	6	21	24	...	...	...	...	...	...	...	...	...	...	178
Standard	71	1	...	...	...	...	7	4	...	...	...	...	...	...	...	...	...	...	...	83
Sterling	83	10	...	...	...	4	13	33	16	...	...	...	...	...	...	...	...	...	...	159
Toronto	101	10	3	3	1	9	67	109	67	1	...	1	2	...	...	...	...	...	...	374
Union	...	...	...	...	...	...	...	24	...	...	...	...	...	...	...	...	...	...	...	24
Weyburn	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total	1523	977	164	130	36	212	328	552	339	4	45	15	9	2	2	110	2	14	3	1557

THE PAST YEAR IN THE BOND MARKET

Summer Months Were Quiet, But Beginning And End Of Year Found Demand Good and Prices Rising.

BY C. H. BURGESS

AS mentioned in your issue of last year, 1921 opened with a brisk demand for bonds and also easier call money, with the result that prices advanced very decidedly until about the end of March when a halt was quite noticeable in the demand for bonds, and from that time until August there was a comparatively quiet market with prices considerably lower than they were in the early part of the year. The latter part of the year from September to December 31st, was marked by an active market which was heralded in advance by a strong demand for all bonds in New York. The year was also marked by bad industrial conditions, but as the industrial loans with Banks which were "frozen" began to thaw, money became easier and bonds advanced from 5% to 10% in a short time. The rise in Sterling Exchange and the ease of money in the Old Country had the effect of making bonds dearer in England and also cutting off the profit in exchange obtainable by shipping the bonds here. New York funds were very strong, going as high as 19%, but by the end of the year they were down again to about 5%. The premium on American Funds opened a market in the United States for our securities. The Americans received very lucrative rates of interest, our best Provincial bonds yielding in the United States from 7% to 8% according to maturity.

Provincial Borrowings

The Province of Ontario this year was the largest borrower, having made loans to the extent of about \$50,000,000 including Treasury Notes.

The City of Toronto was also another heavy borrower, having made loans to the extent of about \$28,000,000. The Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia all came on the market with demands for money, and all were taken with considerable ease at the very attractive rates obtainable. The City of Toronto had to pay, owing to the extraordinary heavy borrowings, the highest rates it has paid for very many years.

Bonds were selling this year as follows:—

Maturity	Feb.	Aug.	Dec.
Dec. 1, 1922	98.75	99.	99.50
Nov. 1, 1923	98.	95.55	99.25
Dec. 1, 1927	97.	98.10	99.50
Nov. 1, 1933	98½	97.50	101.25
Dec. 1, 1937	99.75	99.	103.50

1919 Victory Loan—

Nov. 1, 1924	96.75	96.70	48.30
Province of Ontario Bonds	67.	6.25	5¾
Prov. of Saskatchewan Bonds	6¼	6.50	5.90
Nov. 1, 1934	98.75	94.80	98.25
Prov. of B. C. Bonds	6.25	6.50	5.90
Province of Alberta Bonds ..	6.25	6.50	5.90
Province of Manitoba Bonds ..	6.20	6.40	5.80
City of Toronto Bonds	6¾	6.50	5.75
Ont. smaller cities Bonds	6¼	6½	5.80
Township Bonds	6.25	6.50	5.90
County Bonds	6.	6.50	5.80
Town Bonds	6.25	6¾	6.
Village Bonds	6.50	7.	6.25

The sale of Town bonds of the Provinces of Alberta and Saskatchewan has been practically nil, investors not having had confidence restored since the large number of defaults that have occurred. In the case of the Province of Alberta the situation is somewhat better, but it is practically impossible to sell any Town or School District bonds of the Province of Saskatchewan.

The end of the year found a distinctly rising bond market with prospects for the coming year of much cheaper money, probably a smaller supply of the ordinary issues of bonds, and with a distinctly improved outlook for the market in the United States which, after all, is the controlling influence in the Canadian money market at the present time.

Early in the year it became evident that a General Election of the Federal Government would necessarily take place this year, and this, coupled with other conditions, made people hesitate as to what move they would take in connection with launching into business enterprises. Elections being over, things at the end of the year steadied down. Financial people, however, are looking with a good deal of interest to the financing which the Dominion Government must do in the year 1922 in order to take care of the maturing obligations of about \$198,000,000 Victory Bonds due in December, and also to cover the huge overdrafts that they have with their bankers necessitated by falling revenues during the year 1921.

Canada's potato crop for the past season amounted to 110,895,000 bushels, a decrease from the 1920 yield of 22,936,400 bushels, according to the Dominion Fruit Commissioner's November report. Much of this decrease, says the report, was due to the fact of 82,632 acres less than last year having been planted. Another factor, however, was the long spell of hot, dry weather which was experienced early in the season.

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VANCOUVER, B. C.

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1921 BANK CLEARINGS BY CITIES---MONTH BY MONTH

Clearing House.	January, 1921	February, 1921	March, 1921	April, 1921	May, 1921	June, 1921
Brandon	\$3,025,132	\$2,611,496	\$2,816,816	\$2,929,937	\$2,934,342	\$3,073,132
Brantford	6,032,193	4,905,499	5,338,434	5,428,446	5,242,890	5,233,319
Calgary	33,866,122	24,790,795	27,805,902	28,807,613	29,292,347	29,191,283
Edmonton	22,179,390	18,503,237	19,756,251	20,862,182	21,710,239	20,399,749
Fort William	4,267,983	3,464,679	3,706,311	3,434,932	3,434,722	3,302,643
Halifax	17,287,952	13,520,684	14,542,134	17,331,632	14,680,275	14,833,546
Hamilton	26,290,242	21,962,250	24,751,828	26,909,887	27,189,232	26,626,534
Kingston . . . . .	.....	.....	2,951,976	3,371,689	3,627,014	3,278,049
Kitchener	4,059,420	3,472,010	3,935,101	4,359,426	4,706,274	4,675,626
Lethbridge	3,023,975	2,403,892	2,534,800	2,728,601	2,872,822	2,861,090
London	15,082,624	11,420,183	13,670,567	15,492,670	14,320,167	14,460,931
Medicine Hat	2,082,823	1,556,627	1,636,919	1,765,326	1,795,825	1,908,119
Moncton	4,178,237	4,337,519	5,435,417	4,945,821	5,062,077	4,795,857
Montreal	494,702,024	437,822,619	455,162,615	491,649,265	524,180,212	502,810,816
Moose Jaw	6,777,067	4,875,828	5,666,699	5,677,317	5,280,312	5,814,188
New Westminster	2,432,749	2,441,207	2,529,194	2,578,160	2,692,383	2,663,876
Ottawa	35,298,519	29,988,218	39,331,566	34,279,406	44,149,862	37,835,083
Peterboro	3,888,379	3,378,990	3,999,768	4,201,823	4,240,756	3,686,253
Prince Albert	1,996,653	1,284,255	1,588,688	1,525,718	.....	.....
Quebec	25,915,954	23,155,877	26,113,776	27,193,361	26,761,706	25,441,288
Regina	17,621,104	13,601,611	15,279,167	15,777,702	15,177,637	16,006,003
St. John	12,929,720	10,841,239	11,813,280	12,298,510	12,895,853	11,715,251
Saskatoon	8,455,627	6,722,875	7,950,953	7,895,360	7,306,075	7,517,779
Sherbrooke	4,805,860	4,293,446	4,813,461	5,153,670	5,557,345	4,766,622
Toronto	414,365,319	408,802,335	403,675,308	433,936,360	435,881,087	444,487,229
Vancouver	58,553,665	53,218,954	57,437,770	63,126,307	59,535,348	57,920,556
Victoria	10,687,103	9,410,534	9,785,899	10,580,984	10,005,067	11,422,688
Winnipeg	234,762,892	175,892,853	168,941,168	206,396,710	217,565,851	199,743,823
Windsor	12,685,093	11,287,194	11,835,218	14,407,894	14,283,487	14,170,259
Total	\$1,485,075,584	\$1,305,629,387	\$1,336,919,593	\$1,466,734,199	\$1,515,202,116	\$1,472,567,721

Clearing House	July 1921	August 1921	September 1921	October 1921	November 1921	December 1921
Brandon	\$3,166,105	\$3,891,453	\$3,562,319	\$3,942,402	\$3,830,300	\$3,499,289
Brantford	4,781,444	4,273,167	5,059,506	5,347,329	5,587,192	5,006,172
Calgary	23,871,791	24,017,889	26,944,524	31,031,896	29,053,282	26,791,758
Edmonton	18,760,263	22,719,053	22,393,455	24,923,580	25,018,310	23,062,906
Fort William	3,446,027	3,083,012	3,479,562	3,882,944	4,080,614	4,036,532
Halifax	14,520,006	14,727,255	13,345,726	13,824,949	18,061,518	15,126,915
Hamilton	24,374,555	22,745,184	22,643,531	24,125,253	25,409,422	24,903,809
Kingston	3,414,867	3,350,429	3,276,742	3,408,917	3,425,799	3,767,218
Kitchener	4,352,014	3,970,279	3,863,633	4,449,496	4,905,336	4,563,587
Lethbridge	2,555,723	3,680,526	3,167,270	3,339,068	3,003,727	3,179,239
London	12,251,853	11,308,351	11,475,785	13,415,730	13,924,009	14,634,090
Medicine Hat	1,673,275	1,594,335	1,731,076	2,331,978	1,873,275	1,898,946
Moncton	4,805,281	4,670,556	4,543,724	4,605,088	4,587,731	4,255,525
Montreal	487,967,909	428,570,828	417,352,371	441,519,625	506,188,587	521,331,302
Moose Jaw	5,927,532	6,125,480	6,337,760	7,469,343	7,722,677	7,064,998
New Westminster	2,599,087	2,536,772	2,457,956	2,766,621	2,454,037	2,583,023
Ottawa	29,242,987	27,026,163	27,898,003	30,185,024	40,060,940	36,441,913
Peterboro	3,546,742	3,280,962	3,460,228	3,394,803	3,571,519	3,645,293
Prince Albert . . . . .	.....	.....	.....	1,573,076	1,834,059	1,729,825
Quebec	25,629,822	24,803,325	23,623,912	24,037,274	25,476,998	24,348,195
Regina	15,944,599	14,382,078	17,274,935	20,173,021	20,323,111	19,229,502
St. John	13,486,603	11,851,592	11,832,331	11,630,479	13,466,948	12,539,863
Saskatoon	7,817,146	8,844,944	8,383,916	10,288,039	10,250,949	9,119,521
Sherbrooke	4,312,623	5,009,051	3,663,637	3,661,429	3,857,359	3,742,202
Toronto	400,200,129	371,967,490	379,360,589	459,625,955	484,870,224	464,721,741
Vancouver	59,571,725	61,466,583	60,788,234	58,591,205	59,423,687	58,571,898
Victoria	10,324,988	10,132,351	9,368,854	10,604,143	9,416,088	10,677,540
Winnipeg	169,100,232	178,302,483	231,934,636	309,092,170	321,081,483	269,626,797
Windsor	16,351,204	13,889,156	12,777,288	13,076,478	14,090,468	13,610,688
Total	\$1,365,276,384	\$1,288,870,318	\$1,338,714,761	\$1,542,908,398	\$1,663,423,850	\$1,593,710,287

CANADIAN BANK CLEARINGS BY PROVINCES

	1915	1916	1917	1918	1919	1920	1921
Ontario	\$2,411,073,625	\$3,240,773,729	\$3,792,647,962	\$4,326,431,476	\$5,479,295,137	\$6,904,908,623	\$6,371,820,534
Quebec	2,786,449,334	3,939,152,266	4,435,709,612	5,114,234,344	6,595,339,437	7,540,531,459	6,065,401,366
Manitoba	1,557,815,247	2,040,717,775	2,653,354,314	2,395,388,507	2,353,647,032	3,057,452,638	3,075,526,833
British Columbia	371,713,657	415,797,842	521,913,559	670,405,480	804,018,563	1,061,107,104	861,357,236
Alberta	303,837,076	400,762,688	566,007,431	568,848,622	650,034,151	805,818,885	652,953,074
New Brunswick	77,058,264	90,946,795	102,948,814	117,133,609	153,139,927	193,761,263	203,524,002
Nova Scotia	104,414,590	125,997,881	151,812,753	215,259,297	241,300,194	255,678,397	181,802,592
Saskatchewan	188,526,217	255,347,002	340,238,760	368,631,391	424,504,941	464,296,936	387,615,129
Total	\$7,805,888,010	\$10,509,496,068	\$12,564,633,205	\$13,776,332,726	\$16,701,279,382	\$20,283,555,305	\$15,032,000,766



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QUOTATIONS OF INTERNATIONAL EXCHANGE

(Supplied by the Foreign Department, Canadian Bank of Commerce)

Months and Year.	New York Funds in Canada		Demand Sterling		(France) Francs (Cents per franc)		(Holland) Guilders		(Italy) Lire (Cents per lira)		(Norway) Kroner	
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
1921.	(Premium)											
January	18	10	389.13	353.13	7.33	5.83	34.00	31.35	3.81	3.41	19.75	15.00
February	15 $\frac{3}{8}$	11 $\frac{5}{8}$	392.00	380.00	7.50	6.89	34.87	33.87	3.73	3.62	18.65	17.25
March	14 $\frac{3}{4}$	12 $\frac{3}{8}$	393.87	385.13	7.28	6.91 $\frac{1}{2}$	34.60	34.05	4.20	3.64	17.10	15.65
April	13 $\frac{3}{8}$	12 $\frac{1}{2}$	397.00	388.25	7.75 $\frac{1}{2}$	6.97	35.00	34.45	4.93 $\frac{3}{4}$	4.08	16.20	15.62
May	12 $\frac{1}{2}$	10 $\frac{3}{4}$	400.37	386.13	8.80	7.77	36.30	34.54	5.67	4.79	16.66	15.25
June	14 7-32	11 $\frac{1}{8}$	391.50	370.25	8.49	7.80	34.53	32.78	5.31	4.77	15.92	14.25
July	14 $\frac{5}{8}$	12 9-32	373.50	354.87	8.02	7.55	32.85	30.70	4.92	4.17 $\frac{1}{4}$	14.20	12.76
August	12 9-32	10 $\frac{5}{8}$	372.67	355.75	8.01	7.62	31.59	30.50	4.54	4.21	13.79	12.65
September	12 $\frac{1}{4}$	9 $\frac{1}{8}$	375.00	368.37	7.89	6.92	32.15	31.33	4.59	4.04 $\frac{3}{4}$	13.71	12.33
October	10 $\frac{3}{8}$	8 $\frac{1}{2}$	396.50	371.87	7.47	7.07	34.90	31.79	4.07	3.89	13.35	12.10
November	10	8 $\frac{3}{8}$	400.75	390.75	7.41	6.89	35.83	34.00	4.22 $\frac{1}{2}$	4.03 $\frac{1}{2}$	14.57	13.55
December	9 $\frac{1}{4}$	4 $\frac{3}{8}$	424.00	401.25	8.36	7.18	36.85	35.41	4.81	4.17	15.99	14.21

Condensed Advertisements

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To sell Dominion, Provincial and Municipal Bonds direct to ultimate investors in Ontario. Men with banking experience desired who are well acquainted with one or more districts. This is a splendid opportunity for ex-bank managers and for bank men to whom the investment field appeals, as a scope for their training and ability. Box 443, Monetary Times, Toronto.

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729

Dividend Notices

DOMINION TEXTILE COMPANY, LTD.

A dividend of one and three-quarter per cent. (1 $\frac{3}{4}$ %) on the Preferred Stock of the DOMINION TEXTILE COMPANY LIMITED has been declared for the quarter ending 31st December, 1921, payable JANUARY 16TH, 1922, to shareholders of record JANUARY 3RD, 1922.

By order of the Board,

JAS. H. WEBB,

Secretary-Treasurer.

Montreal, 28th December, 1921.

780

Debentures for Sale

CITY OF MOOSE JAW

Sealed tenders endorsed (Tenders for Debentures) will be received by the City Commissioners up to noon of the twenty-first (21st) day of January, 1922, for twenty-nine thousand eight hundred and twelve dollars and fifty-eight cents (\$29,812.58) debentures for the purpose of capitalizing the arrears of school taxes on lands acquired by the city under the arrears of taxes act. Debentures to be issued on the sinking fund plan, repayable in five (5) years from the date of the issue therefor, with interest at six and one-half per centum (6 $\frac{1}{2}$ %) per annum, payable semi-annually.

The highest or any tender not necessarily accepted.

W. F. DUNN,

Mayor.

GEO. D. MACKIE,

City Commissioner.

Moose Jaw, Sask.

779

ONTARIO MINING PRODUCTION

The outstanding feature of the Ontario Department of Mines' returns for the nine months ending September 30, 1921, is the growing importance of Ontario's gold mining industry. "Provided the output for the last quarter equals that of the third quarter," says the report, "Ontario's gold production for 1921 will be approximately \$13,870,000, and, with the premium added, \$15,200,000."

Not only does Ontario lead the Canadian provinces in gold output, but it is quite probable, states the report, that this year Ontario will have a production exceeding that of California.

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HEAD OFFICE OF THE DOMINION BANK, TORONTO

CLARENCE A. BOGERT, GENERAL MANAGER.

The Growth of Rural Credits in Canada

Provinces Are Occupying This Field — Manitoba System Has Been in Operation for Some Time—Saskatchewan Makes Long Term Loans—Other Provinces Taking Steps to Finance Farmers

By W. T. JACKMAN

Department of Political Economy, University of Toronto.

CANADA, unlike the United States, has no national legislation under which to furnish advances to those engaged in agriculture. It has been left to the several provinces, therefore, to make provision for those within their own boundaries. As agriculture is rapidly becoming a business, involving the application of business principles and practices, it is necessary to provide for those engaged in it such facilities for borrowing as will enable them to have their credit requirements satisfied according to their needs. In all countries it is recognized that the commercial banking systems are not adapted to the special conditions of agriculture, and, consequently, there have come into operation institutions for meeting these requirements for rural credit. A brief description of these organized facilities will show what has been done by the different provinces.

Manitoba

The short-term requirements are cared for under the Rural Credits Act, which was passed in 1917 and amended at a later time. This Act makes provision for the organization by farmers of rural credit societies, through which the individual shareholders of these societies may be enabled to borrow for productive purposes. The organization of such a society is initiated by not less than fifteen farmers drawing up a petition therefor, addressed to the Lieutenant-Governor-in-Council. The petition contains the names and addresses of the petitioners, the lands occupied by them, the amounts subscribed by each to the capital of the proposed society, the amount of the capital stock, the number of shares into which it is divided and the amount paid on each subscription. When he is satisfied in regard to the petition, the Provincial Secretary may issue letters patent incorporating the society. No society can commence business until it has received subscriptions to its capital stock from at least thirty-five persons actually engaged or agreeing to engage within one year in farming operations. Each member of a society must subscribe for at least one share of stock, and 10% must be paid on all subscriptions before the society can undertake business.

The Provincial Government and the municipality subscribe each for one-half as much stock as the total farmers' subscriptions, and they, too, like the farmers, must pay 10% on their subscriptions. The board of directors of a society is composed of nine members, three elected by the farmer subscribers, three by the municipal council and three by the Provincial Government. One of the latter must be an officer of the government devoting his time to agricultural work or instruction, and he is usually appointed on ten or more rural credit society boards in the locality, to insure uniformity and thoroughness in the management of the societies. The secretary-treasurer is the only paid officer of the board; the others receive only their expenses.

How Loans Are Granted

The board of directors of a society meets two or three times a year, usually during the first four months of the year. Any member desiring a loan makes application to the secretary, stating the purposes of the loan and submitting a statement of his assets and liabilities. If the application is approved he is granted a line of credit for a year, and all the borrower's personal property, purchased, partly purchased or to be purchased with the proceeds of the loan, and all the returns from the investment of the loan, are thereby made subject to a lien in favor of the society.

Moreover, none of this personal property of the borrower can be sold or removed from his premises during the continuance of the loan without the consent of the secretary of the society. All proceeds from the sale of any of this property must be applied without delay towards the repayment of the loan. The lender of the money has not only this individual security, but also the guarantee of the society which approved the loan, so that little risk is assumed in making the loan. The society, too, is protected by the provision that, if the loan should become unsafe, or the borrower should do anything contrary to the loan contract, the amount of the loan shall become due and payable, and the society may take possession of all property on which it has a lien and sell it in satisfaction of its claim.

The rate of interest payable by the borrower on such a loan must not exceed 7% per annum, and out of the interest paid to the lender one-seventh must be returned to the society. In case the borrower should not be able to repay the amount of his loan by the last day of December, the directors of the society may, upon sufficient reason, renew the loan for an additional period of not more than one year, but it must be clearly understood that the loan must be for one or more of the productive purposes specified in the Act.

The rural credit society must invest the amount of its paid-up capital in government, municipal or school bonds. The returns from this investment, together with the society's share of the interest paid by its borrowers, must be used to defray the necessary expenses of the society, after which a dividend not to exceed 6% per annum may be disbursed on the paid-up stock, and the remainder must be transferred to a reserve fund.

Source of the Funds

Up to March, 1920, the funds for these loans came from the banks, which furnished the advances to the societies at 6%, and the societies charged the borrowers 7%. At that time the banks refused to make further loans to the societies for less than 6½% interest. This was not acceptable, and the Government shortly afterwards opened the Provincial Savings Office to obtain money for the rural credit loans. This office and its branches accept deposits, upon which 4% interest is paid, and the Government guarantees the deposits. The Savings Office was opened in July, 1920, and by September, 1921, there were 6,500 depositors and \$3,000,000 of deposits.

The long-term or mortgage credit is provided in Manitoba through an Act passed in 1917, which created the Manitoba Farm Loans Association to act as the loaning agent between the Government and the farmers. Its affairs are managed by a board of five members appointed by the Provincial Government. The capital stock of the association is \$1,000,000, divided into 200,000 shares of \$5 each. None but borrowers and the Government can own shares in the association. Every borrower must subscribe and pay cash for shares of stock in the association equal to 5% of the amount of his loan. All loans made by the association must be secured by a first mortgage which must be repaid on the amortization plan. All mortgages are taken for a 30-year period, but a loan may be paid off at any annual payment date at or after the end of five years from the date of the mortgage. Loans granted must not exceed 50% of the fair estimated value of the land and improvements, and the maximum loan to any person is \$10,000. The specific

BANK OF NEW ZEALAND

ESTABLISHED IN 1861

Bankers to the Government of New Zealand, which holds Preference Shares in the Bank for \$5,474,812, and guarantees its Redeemable Stock \$2,579,186.

Paid-up Capital (\$19,003,624) and Reserve Fund (\$7,421,412)	\$26,425,036
Undivided Profits	1,758,144
Aggregate Assets at 31st March, 1921	242,189,207

BOARD OF DIRECTORS:

WELLINGTON, N.Z.

(Four are appointed by New Zealand Government: two elected by Ordinary Shareholders)

H. BEAUCHAMP,
(Chairman)

GEORGE ELLIOT
R. W. KANE
WM. REECE
J. H. UPTON
WM. WATSON



LONDON BOARD

Fredk. Lubbock,
(Chairman)

The Rt. Hon. Lord
Carnock, G.C.B.

Alex. Michie

Sir James Mills,
K.C.M.G.

HEAD OFFICE

WELLINGTON, NEW ZEALAND

General Manager: H. Buckleton.

LONDON OFFICE

1, Queen Victoria Street, E.C. 4

Manager: Alexander Kay.

AUDITORS: (Appointed by New Zealand Government)

Richd. W. Gibbs, Chief Auditor

W. C. Sneath (Price Waterhouse & Co.), London Auditor.

THE BANK OF NEW ZEALAND has Branches and Agencies in all the principal cities and towns in New Zealand, in Melbourne and Sydney (Australia) Suva and Levuka (Fiji), and Apia (Samoa), also Agents in all the principal Cities in the World.

The Bank has facilities for conducting every description of Banking business.

The Bank negotiates at any of its Branches Bills drawn in dollars under American Credits as well as those in sterling, and it invites the establishment of such Credits. It also issues Drafts or Credits either in dollars or sterling, on any of the principal cities in North America.

Chief Agents in Canada:

CANADIAN BANK OF COMMERCE

BANK OF MONTREAL

Other Agents and Correspondents in Canada:

American Express Company,
Bank of Nova Scotia,

Dominion Bank,
Dominion Express Company, Toronto,

Imperial Bank of Canada,
Royal Bank of Canada.

Chief Agents in New York: IRVING NATIONAL BANK

Chief Agents in San Francisco

FIRST NATIONAL BANK OF SAN FRANCISCO

Other Agents and Correspondents in United States:

American Exchange National Bank,
New York.

American Express Company,
Bankers' Trust Company, New York,
Bank of Bishop & Company, Honolulu.

Bank of Italy,
Bank of Montreal,
Bank of Nova Scotia,
Brown Brothers and Company,
Boston.

Canadian Bank of Commerce,
Chartered Bank of India, Australia
& China.

Chase National Bank, New York,
Columbia Trust Company, New York,
Crocker National Bank of San
Francisco.

Drexel and Company, Philadelphia.

Equitable Trust Company of New
York.

Farmers & Merchants National Bank,
Los Angeles.

Farmers Loan & Trust Company,
New York.

First National Bank of Boston.

First National Bank of Chicago.

Greenebaum Sons Bank & Trust Co.
Chicago.

Guaranty Trust Company of New
York.

Hanover National Bank of the City
of New York.

Hongkong & Shanghai Banking
Corpn.

Illinois Trust & Savings Bank, Chicago.

International Banking Corporation.

Mercantile Bank of the Americas,
New Orleans.

Mercantile Trust Co., St. Louis.

Merchants National Bank of Boston.

Morgan & Co., J.P., New York.

National Bank of Commerce, St.
Louis.

National Bank of South Africa Ltd.

National City Bank of New York.

National Park Bank of New York.

National Shawmut Bank, Boston.

Northern Trust Company, Chicago.

Philadelphia National Bank.

Riggs National Bank of Washington
D. C.

Royal Bank of Canada.

Standard Bank of South Africa Ltd.

Walker Bros., Salt Lake City.

Yokohama Specie Bank, Limited.

purposes for which loans may be made are set out in the Act.

The funds required for such loans were obtained at first from the provincial treasury. But, in addition, the board was authorized to sell 5% bonds up to 90% of its first mortgages, which are used as collateral security. These bonds must not exceed in the aggregate \$9,000,000, and the principal and interest are guaranteed by the government. At the last session of the legislature, the interest rate on the association's bonds was increased from 5% to 6%, so as to enable the board to borrow enough money for its purposes. This change made it necessary to increase the rate to the borrower from 6% to 7%. Coincident with the change of the rate of interest there was the annulment of the provision that borrowers had to subscribe for stock in the association to the extent of 5% of their loans. As a result of the operation of this Act, up to the end of February, 1921, the loans made aggregated \$5,039,150.

Saskatchewan

In Saskatchewan there has never been any legislation for the establishment of short term credits for farmers, although there has been recently a very strong desire for some such system as that in Manitoba.

For providing long term or mortgage credit, there was passed in 1917 "An Act to provide for Loans to Agriculturists upon the Security of Farm Mortgages." This legislation follows closely the corresponding Act in Manitoba, the only significant differences being:

- (1) No maximum was stated for any individual loan.
- (2) All the money for the board's purposes was to be provided by the sale of provincial bonds, but the total amount to be borrowed must not exceed \$5,000,000.
- (3) The first mortgages received by the board were to be handed to the provincial treasurer at least equal in value to and as security for the loans, and the bonds upon which the money was borrowed by the treasurer must not exceed the aggregate of the mortgages held by the board. (In Manitoba, the bonds issued by the board must not exceed 90% of the amount of the mortgages.)

In the three years 1917-1920 the treasurer was able to find \$6,500,000 for the Farm Loan Board, and this amount had been loaned to the farmers at 6 1/2%, but only about one-third of the demands for loans had been met.

Alberta

This province passed three Acts in 1917 for the purpose of aiding farmers, namely, the Live Stock Encouragement Act, the Co-operative Credit Act and the Farm Loan Act.

The Live Stock Encouragement Act enables associations of farmers to apply jointly to the Live Stock Commissioner for a loan, the proceeds of which shall be used for the purchase of improved stock of cattle, subject to the approval of the commissioner. Each member may borrow up to \$500, and the interest rate must not exceed 6%. Up to Dec. 31, 1919, the total loans for these purposes amounted to \$1,477,312.62.

The Co-operative Credit Act embodies the same principles as the Manitoba Rural Credits Act, and is in all respects the same as the latter, with one fundamental exception, namely, that the rate of interest to be paid by the borrower is not a fixed and uniform rate for all, but is decided by agreement in each case between the rural credit society and the bank as lender. Very little has been loaned through these societies in Alberta, although the Act has been in effect for four years.

The Alberta Farm Loan Act, except in minor details, is like the Manitoba Farm Loans Act; but the legislation has never been put into operation.

Ontario

A few measures intended for the welfare of agriculture have been enacted in this province, but the results of their operation have been relatively unimportant.

In 1916 an Act was passed authorizing the Government to make loans to settlers in the newer parts of the province,

for the purpose of clearing land, erecting buildings, purchasing machinery, etc. The maximum loan to any settler is \$500, and the rate of interest is 6%. By October 31, 1920, the total amount of these loans was over \$500,000.

In 1920 the Co-operative Marketing Loan Act was passed, authorizing the Government to loan to a co-operative association engaged in cleaning, storing and marketing seed and potatoes an amount not exceeding \$3,000. The loan must be properly secured; it will be free of interest for two years, after which 6% interest must be paid. Loans may not run more than ten years. The limited extent of the authority of this Act must prevent any significant expansion of these loans.

At the last session of the legislature (in April, 1921), after a thorough investigation of the rural credits problem by a governmental commission, three Acts were passed making provision for short-term credits, long-term credits and the establishment of savings offices as branches of the treasury. This legislation is almost a verbatim copy of the Manitoba legislation for the same three purposes. In principle it is the very opposite of that recommended by the commission. At the present time (October 31, 1921) the organization of the administration is just getting under way, and it is expected that soon six branches of the treasury will be opened for receiving deposits, on which interest not to exceed 4% will be paid.

Quebec

Quebec is the only province in which assistance to farmers, in the form of loans, has been organized by private organizations, without any participation of the government. The "people's banks" (known as Caisses Populaires) are co-operative credit banks, from the deposits of which loans are made to farmers both on short-term and long-term conditions. Each bank is a community institution, with no connections outside of its own locality. In this way the management of the bank is familiar with all who apply for loans, and can therefore decide without any formality as to how much can be safely loaned to the applicants. The funds are obtained by the savings deposits of the people in that section and by the sale of the bank's shares. The shares are valued usually at \$5 and are payable in small instalments of a few cents each. The system is intended to encourage thrift. Most of the loans are small, ranging from \$5 to \$200, and repayment of the principal and interest is made monthly. The rate of interest paid on deposits varies from 3% to 4%, and the average rate of interest charged to borrowers is 6%. Not a dollar has ever been lost by any of these banks.

New Brunswick

In 1912 an Act was passed to encourage the settlement of farm lands and to stop the migration from the country to the towns. Under this, the government put out a bond issue of \$100,000 to run for 20 years. This fund is to assist settlers in purchasing farms, and a board is appointed to administer it. The board helps the settler in securing information about farms and in making his choice of a farm. When a settler has decided on a farm, the board examines it carefully, and if their report be satisfactory they buy the farm and resell it to the settler upon favorable terms of payment. On the amount which the board loans the settler, interest at 5% is charged. If the settler fails to make his payments, or if there is evidence of negligence or fraud, the board may take the land and place another settler upon it; but if default is due to unfortunate conditions, he is encouraged and assisted to the utmost. No great benefits have been secured from this legislation, probably because the ten-year term is much too short for most purchasers to pay for their land.

Another Act to provide for the purchase of high-grade breeding sheep by the government and the sale of these to farmers upon suitable terms. Government may not spend more than \$50,000 in this way.

Nova Scotia

No provision has been made in Nova Scotia for short-term credits, but for mortgage credit legislation was passed



Head Office Building, Montreal

BOARD OF DIRECTORS:W. MOLSON MACPHERSON
President

S. H. EWING, Vice-President

W. M. BIRKS W. A. BLACK

J. M. McINTYRE F. W. MOLSON

JOHN W. ROSS

EDWARD C. PRATT

General Manager

THE MOLSONS BANK

INCORPORATED 1855

Capital Paid Up \$4,000,000 Reserve Fund \$5,000,000

**OVER 130 BRANCHES
IN CANADA**

**A General Banking
Business Transacted****Savings Bank Depart-
ments at all Branches**

BANK OF HAMILTON

HEAD OFFICE

HAMILTON

Established 1872

Capital Paid Up	-	-	-	-	-	-	-	-	-	\$5,000,000
Reserve Fund	-	-	-	-	-	-	-	-	-	\$4,850,000

BOARD OF DIRECTORS

Sir John Hendrie, K.C.M.G., C.V.O., President; Cyrus A. Birge, Vice-President

H. S. Ambrose

C. C. Dalton

Robt. Hobson

W. E. Phin

I. Pitblado, K.C.

W. P. Riley

J. Turnbull

W. A. Wood

A. V. Young

Branches at Montreal and throughout Ontario, the North-West and British Columbia

Correspondents in Great Britain

National Provincial and Union Bank of England, Limited;

Barclays Bank, Limited, London, England

Correspondents in United States

New York—Hanover National Bank
Mechanics and Metals
National Bank
National City Bank

Detroit—First and Old Detroit Na-
tional Bank
Chicago—Continental and Commer-
cial National Bank
Cleveland—Union Trust Company
St. Louis—National Bank of Com-
merce
Kansas City—Commerce Trust Com-
pany

Minneapolis—Northwestern National
Bank
Seattle—Bank of California
San Francisco—Crocker National
Bank
Duluth—American Exchange Na-
tional Bank

COLLECTIONS EFFECTED IN ALL PARTS OF CANADA PROMPTLY AND CHEAPLY
CORRESPONDENCE SOLICITED **SAVINGS DEPARTMENT AT ALL BRANCHES**

J. P. BELL, General Manager

in 1912 (Acts of 1912, chap. 10) entitled "An Act for the Encouragement of Settlers on Farm Lands." This legislation and its amendments in 1913, 1915 and 1919 was designed primarily to aid those who are just coming into the country, who are predominantly British, to become landowners, although its advantages are available also for native farmers and prospective farmers.

The government loans to the settler indirectly, through an established loaning company. The settler who wishes to borrow must have cash equal to 20% of the appraised value of the land he desires to buy, besides what he would require for working capital. When the man applies to the appropriate governmental department for a loan, an appraisal is made by that governmental department and another by the lending company. If the conditions are reasonable, the lending company will advance him 40% of the value of the property on a first mortgage as security; and in approved cases and to thoroughly experienced farmers the government will guarantee, if necessary, an additional loan of 40%, which makes the company's total loan in such cases 80% of the value of the property. Farms on which such loans are made by the government must be operated according to instructions so as to keep them in good condition.

The loaning period was formerly 15 years, but was changed in 1919 to 30 years. The mortgagor may pay off his indebtedness at any time within that period. Provision is made for relieving the mortgagor, in certain circumstances, of any payments upon the principal for a period of five years. The rate of interest charged varies from 6% to 7%, according to the condition of the money market. Under this Act, a large number of loans have been made, and the number of failures of borrowers is very small.

British Columbia

In 1917, under the "Land Settlement and Development Act" with its amendments in 1918, 1919 and 1920, there was constituted the Land Settlement Board to carry out the provisions of the legislation. To this board advances are made from the provincial treasury in such amounts and at such rates as the government may direct. The board may approve agricultural loans for any purpose which will maintain or increase agricultural or pastoral production, upon the security of first mortgages. Before making any loan, the board must be satisfied that the borrower, after paying all charges under the mortgage, can make a fair profit from his investment in the land. To any borrower the minimum loan is \$250 and the maximum \$10,000; and ordinarily the maximum loan shall not exceed 60% of the appraised value of the land. The rate of interest on loans shall be arranged as nearly as possible by adding not over 1½% to the rate paid by the government on its bonds sold to get the current funds for the board.

Two kinds of loans are permitted: long-dated loans, extending for 15, 20 or 25 years, repayable on the amortization principle, and short-dated loans, extending for not less than three nor more than ten years, repayable on such terms as the board may think fit. To an individual, such a short-term loan must not exceed \$5,000; but to certain associations which enjoy the benefits of the Act the loan may be increased in each case to not more than \$10,000, upon approval by an order in council. In the repayment of a loan, the borrower may, on any interest date, pay one or more of the instalments in advance of maturity.

Another important power given to the board is found in no other province of Canada, but is an adaptation of Australasian and Californian practice, i.e., the power to accept Crown lands or to buy land from private owners and develop it for agricultural or pastoral purposes. It may have the power of a landowner in using the land; in buying and selling live stock and other essentials for agricultural operation; in selling, leasing or exchanging the land, etc. Moreover, if, after investigation, the board thinks that agricultural production is being retarded because of lands remaining undeveloped, it may establish a "settlement area" in any part of the province. Within each settlement area the board shall appraise all lands, and this appraisal shall be the basis of the improvements to be made on the land by

the owners, or else the basis of sale of the land. The owners of unimproved lands in such an area must begin improvements within a specified time or render themselves liable to a penalty tax of 5% of the appraised value, in addition to other taxation.

Finally, this board was to take over the functions exercised by the Agricultural Credit Commission, so far as this was possible. But this commission (organized under "The Agricultural Act, 1915") is still in operation. Its duty is to administer the system of agricultural credit that was established by the passage of the Act. Its funds for loaning come partly from money appropriated by the legislative assembly and partly from the sale of its own debentures, which are guaranteed by the province and sold through the Minister of Finance. A sinking fund must be built up to pay for the debentures at maturity, and a reserve fund must be developed to meet any possible losses. Only a comparatively small amount of loans has been made up to the present time.

PROFITS ACCRUING TO BANK SHAREHOLDERS

Tendency of Past Few Years Has Been Towards Higher Profits and Dividends, but Recent Statements Show Declines

On another page of this issue is a very illustrative table showing the rate of profits and dividends of our chartered banks since the year 1911, and up to the end of 1920, and in some cases to the middle of 1921. The entire results for the whole of 1921, will not be ready until later in the year, but the statistics compiled by The Monetary Times give a good indication of the year to year growth of profits and dividends.

As a whole profits increased, although in one or two individual cases a small decrease is shown, where the banks' year extends well into the deflation period.

There were no reductions in dividends, but five banks reported permanent increases, while three institutions declared extra dividends in the shape of bonuses. It is not expected that the complete 1921 results will show bigger profits or bonuses for one or two of the semi-annual statements indicate poorer business, which was only natural.

Perhaps a notable fact is that while returns to shareholders have increased prices of bank stocks have fallen. No doubt the difference can be explained largely in the rise in money rates in the past few years, which always results in lower security prices.

For the sake of an accurate comparison, the high prices of several of the bank stocks are given for the years 1912 and 1920, together with the dividend rates for the same years:

Bank	1912		1920	
	Stock Price	Dividend rate%	Stock Price	Dividend rate%
Commerce .. .	230½	10 + 1	199½	12 + 1
Dominion .. .	237½	12 + 2	206	12 + 1
Hamilton .. .	203	11	194	12 + ½
Imperial .. .	233	12	200	12 + 1
Merchants .. .	200¼	10	202½	12 + 1
Molson's .. .	208¼	11	190	12
Montreal .. .	250¾	10 + 2	220½	12
Nova Scotia .. .	278½	14	271	16
Royal .. .	233	12	233½	12 + 2
Standard .. .	239	13	222	14
Toronto .. .	214½	11 + 1	197	12
Union .. .	173½	8	161	10 + 2

It must be taken into account also that the banks have been adding largely to their rest fund in recent years. From 1912 until the present time, the reserve fund has been increased from \$107,500,000 to \$135,064,646. While a good part of this fund has been built from net profits, it might be mentioned here that the biggest increase has taken place from January, 1919, when the reserve was \$116,000,000, and that during these three years a big factor in the building up of the rest has been the substantial premiums received on new stock issues. Bankers are proud of their reserve, and it is noticeable that almost invariably an increase in paid-up capital is accompanied by a similar or perhaps larger increase in reserve. This is made possible by the receipt of substantial premiums which bank stocks command.

American Bank Note Company

BUSINESS FOUNDED
1795

CANADIAN INCORPORATION
1897



HEAD OFFICE AND WORKS
OTTAWA
224 WELLINGTON STREET

Steel Plate Engravers And Printers

Contractors to the Government of Canada for Dominion Notes, Postage and Revenue Stamps. Engravers of Bank Notes for the Chartered Banks of Canada. Railway, Corporation and Company Bonds, Municipal Debentures, Stock Certificates, Letters of Credit, Cheques, Drafts and other securities.

Work Acceptable On All Stock Exchanges

TORONTO BRANCH
19 Melinda Street

MONTREAL BRANCH
224 St. James Street

Some Big Estates of the Year 1921

Value of Trust Company Services Is Recognized By
Their Appointment As Executors in Many Cases—Volume
of New Corporate Business in 1921 Was Not Large

TOTAL assets of all the Canadian trust companies at the end of 1920 were about \$750,000,000, according to an estimate of The Monetary Times. Their business expanded still farther during 1921. In 1920 the progress was chiefly in the volume of estates under administration, there being an actual reduction in guaranteed investments. It is probable that the developments of 1921 were along the same line.

The advance made by the trust companies of Canada was a short time ago commented upon as follows:

"Product, as it is, of practically the last 20 years, the volume of property under the administration of Canadian trust companies is impressive. When it is understood that the figures represent no such business as the American trust companies have found so lucrative (banking, real estate and security selling), they become more so. And when, in addition, it is remembered that the kind of business which they represent is in its nature slow in growth, depending necessarily upon the growth of the companies in public confidence; that the figures do not include a vast amount of securities for which the companies act as trustee, transfer agent, and registrar, and that Canada is only at the starting point of her economic development, the success of the Canadian trust companies must seem remarkable, even when compared with the growth of trust institutions elsewhere."

Building Up Confidence

It is obvious, having regard to the nature of the business sought and transacted by trust companies, that it can only be obtained by securing the confidence of the public. If we look over the records of the chief companies—those which have adhered to the recognized limits—there has been no development other than that which tends to build up confidence. The public has been witness to the outstanding fact that in the hands of a corporate trustee the intention of the testator is carried out to the letter. Beneficiaries at times have taken issue with corporate trustees as to their rights under a will, and it has been found upon recourse to litigation that no intention has been disclosed on the part of such corporate trustees except to follow the letter and spirit of a testator's instructions.

Taxation Work

Within the past few years another factor has developed which adds to their business. It is the growing difficulty which private individuals find in handling their affairs. We have, due to the war, various forms of taxation. Companies themselves, in order to keep in close touch with different forms of taxation imposed by different authorities, have to establish special departments for that purpose.

If it is a matter of difficulty for these highly organized companies to understand and handle efficiently the problems of taxation, how much more difficult it must be for the private individual to do so. It will be obvious to anyone that the intricate taxation returns which today are called for must be embarrassing to the average individual, many of whom resort to specialists, while numbers have sought advice from the trust companies. To meet such a demand special officials in some cases have been appointed to make a special study of taxation problems so as to protect their clients as well as their companies. This illustrates the character of the services which the trust company provides, and that it is appreciated by the public is best illustrated by the growth of the assets placed in their care for administration.

No Money Lost

In a speech before the Kiwanis Club, Hamilton, on September 13, S. C. Macdonald, manager of the Mercantile Trust Co., alluded to the fact that it was just a hundred

years ago that the first trust company was formed in the United States, and just forty years ago since the first one was started in Canada. In the whole one hundred years, there has never been one dollar lost through misappropriation. This method, therefore, has proven to be superior to the individual trustee system, and is given as the reason for the formation of trust companies. The men at the head of trust companies have to be of the highest business integrity; and every business investment has to have the investigation and approval of seven directors, so that the whole enterprise is a public institution of the finest and firmest kind. Such lines as banking, corporation work, trust work, registering and transferring property, were some of the main functions of the business.

Large Estates of the Year

Some big estates came into the hands of trust companies of Canada during the past year. A few of the larger, which have been reported to The Monetary Times, are as follows:

Trust Co.	Estate of	Amount
Canadian Guaranty	James F. Maynes, Harrowby, Man.	\$ 60,000
Toronto General	Rev. Robt. Knowles, Toronto	142,000
National	T. J. Labatt, Montreal	1,000,000
National	Mrs. K. S. Hammond, Saranac Lake, N. Y.	200,000
National	H. R. Frankland	121,776
National	Mrs. M. Blong, Toronto	201,000
London & Western	J. L. Englehart, Ingersoll ...	2,056,000
Western	J. Moser, Regina	30,000
Western	J. Ellis, Kinistino, Sask.	50,000
Capital	J. & W. J. Crampsey, Toronto .....	.....
Chartered	Sir W. J. Gage, Toronto	900,000
Toronto General	J. H. Paterson, Toronto	557,000
Toronto General	Mrs. E. Morse, Toronto	40,000
Toronto General	T. Hunter, Toronto	51,000
National	Sir F. W. Baillie, Toronto.....	2,216,000
National	B. M. Britton, Toronto	3,369,000
Imperial	Wm. Hall, Stouffville	65,000
Royal	Susan A. Macdonald, Earnscliffe	23,000
Canada	J. H. Challoner, Lobo, Ont.	32,000
Canada	W. G. Fitzgerald, London	18,000
Canada	Alonzo Decker, London	21,000
Canada	L. E. Smith, Cairo, Ont.	16,000
Royal	Dr. W. A. McIsaac, Montreal	644,000
Canada	Maria W. Anderson, London	60,000
Canada	G. A. Hamilton, London	80,000
Toronto General	Hon. Lionel Clarke	321,000
Toronto General	Dr. A. J. Johnson, Toronto....	214,829
Toronto General	C. F. Farwell, Whitby	279,000
Toronto General	Mrs. Eliz. White, Toronto....	212,000
Toronto General	E. A. Walsh, Stratford	70,000
Trusts & Guarantee	Hon. A. L. Sifton, Calgary	490,000

Corporate Business

1921 was not a year of activity in new issues of corporate securities.—There were, however, numerous reorganizations, which meant the exchange of many securities. Some of the new issues of the year, with the name of the trust company acting as registrar or trustee, were as follows:—

(Trust Co.) Toronto General, registrar, and National, transfer agent, (Issuing Co.) British Empire Steel (Security), \$100,000,000 stock.

(Trust Co.) Western Trust, trustee, (Issuing Co.) North

THE MERCHANTS BANK OF CANADA

ESTABLISHED 1864

HEAD OFFICE: MONTREAL

CAPITAL PAID-UP	-	-	-	-	-	\$10,500,000.
RESERVE FUND & UNDIVIDED PROFITS	-	-	-	-	-	9,743,375.
TOTAL DEPOSITS (30th April, 1921)	-	-	-	-	-	154,911,487.
TOTAL ASSETS (30th April, 1921)	-	-	-	-	-	190,367,409.

PRESIDENT: SIR H. MONTAGU ALLAN, C.V.O. VICE-PRESIDENT: F. HOWARD WILSON.

GENERAL MANAGER: D. C. MACAROW.

Supt. of Branches and Chief Inspector: T. E. Merritt. General Supervisor: W. A. Meldrum.

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The Traders Trust Company

Authorized Trustee to Act under the Bankruptcy Act in the Provinces of
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President

ADMINISTRATORS AND

J. W. CAMPBELL,
Vice-President

FINANCIAL AGENTS

Head Office: WINNIPEG.

Branch Offices: Regina, Saskatoon, Edmonton

BANKERS: Merchants Bank of Canada.

Empire Fire, (Security) \$115,000.

(Trust Co.) Montreal Trust, (Issuing Co.) Riordon Co.—reorganization, (Security) —.

(Trust Co.) Quebec Savings & Trust, (Issuing Co.) Que. Ry., L. H. & P.—retirement, (Security) —.

(Trust Co.) National, (Issuing Co.) Toronto Railway—retirement, (Security) —.

(Trust Co.) Nova Scotia, (Issuing Co.) Clarke Bros.—retirement (Security) —.

(Trust Co.) Royal Trust, (Issuing Co.) English Electric Co.), (Security) 50,000 shares.

(Trust Co.) Trusts & Guarantee, (Issuing Co.) Dominion Combing Mills, (Security) \$2,500,000.

(Trust Co.) Northwestern, (Issuing Co.) Home Appliance Combing Mills, (Security) \$2,500,000.

Liquidation of the Dominion Trust Company

Creditors Came Out Very Short—A Review of the Long Extended and Complicated Arrangements for Disposing of the Assets of This Pacific Coast Venture—Business Is Now Almost Finished

THE liquidation of the Dominion Trust Company, Ltd., which has been one of the most sensational features of this kind in this country, was practically completed in 1921, seven years after the company's downfall. The developments in connection with this liquidation have added something to the interpretation of trust company law, and have been instructive to investors in and directors of trust companies.

The company did a tremendous business for several years. The managing director, W. R. Arnold, was found dead in his garage with a shotgun at his side. His death precipitated the smash although for several weeks previous there had been rumors that the concern was in serious financial difficulties. The company was doing business as a trust company and as a bank, carrying a huge deposit account. It was practically a one-man affair, the directors leaving the management almost entirely in Arnold's hands.

Arnold had a sensational career. Starting out in life as a grocery clerk, before he was thirty he was drawing a salary in the neighborhood of \$15,000 as managing director of the Dominion Trust. At the time of his death it was found that he carried \$200,000 insurance in favor of his wife but that all his available personal funds had been thrown into the business to help stave off disaster. After a long court fight his insurance was turned over to the company's creditors. Much of his trouble is believed to have been due to his dealings with Alvo von Alvensleben, the young German count who gambled on a big scale here before the war and who was in Germany when war was declared. He has never been allowed to return and what property he had unencumbered was handled by the custodian of alien enemy property. Part of the proceeds of this property will eventually go to the Dominion Trust Company. The creditors will finally realize about 25 cents on the dollar.

Andrew Stewart was appointed liquidator of the company. In January, 1916, a statement was made by Justice Murphy, Vancouver, that the Dominion Trust liquidation seemed hopeless, and that it would be better for the creditors to know the real facts of the case. His Lordship's statement was founded on a report of the auditors, Marwick, Mitchell, Peat and Company, filed in March, 1915, but not previously made public. This report showed that there were over \$3,000,000 worth of claims by unsecured creditors, while the estimated assets were only \$460,000, plus the results of the lawsuits against the directors and against the insurance companies for the Arnold insurance. Of the Arnold insurance, a sum of \$212,000 had been paid over to the liquidator, who, in turn, was sued for \$75,000 by Mrs. Arnold and her children.

The costs of the liquidation, which were a first charge against the proceeds of the estate, were up till the end of September, 1915, approximately \$115,000, and were estimated by counsel in court at \$150,000 for the first year of the permanent liquidation. This amount did not include the costs of the liquidation of the subsidiary companies.

Liquidation Costs

The liquidation proceedings were featured by an investigation made in January, 1916, into the cost of the liquidation itself, all the liquidator's accounts up to that time being examined. On January 27, Justice Murphy declared that the explanations made by the liquidator were above criticism. A statement filed by the liquidator showed that the total expense of liquidation to date had been \$144,685, of which \$88,678 had already been paid out. Another statement showed that the future monthly expense would be on a diminishing scale. From February 1st the total monthly expense, except legal costs, were estimated at \$1,832.25.

The expenses, totalling \$144,685, were made up of the following large sums and a great many small ones: Salaries, \$41,235; agents' remuneration, \$21,580; legal expenses, \$39,805; investigations, \$21,235; expenses of misfeasance suit, \$10,499, etc. Of these a total of \$88,678 had been paid, the larger items being \$41,235 for salaries, \$8,280 for agents' remuneration, \$18,422 for legal expenses, and \$10,500 for investigation, as well as many smaller items.

Another portion of the statement showed that a total of \$364,871 had been collected by the liquidator. Of this sum \$204,695 was for the Arnold estate, and \$18,336 had been applied on the bank collateral loan, reducing the total collection to \$286,534. Other receipts from the earning of the company's office business were \$13,070, and the total receipts credited was, therefore, \$299,604.

In still another portion of the statement the disbursements were dealt with as follows: The liquidation expenses were augmented by \$18,409 paid out to protect assets and on preferred claims, security for costs in litigation, etc. The total disbursements therefore were \$107,088.

A balance sheet summarized the above figures as follows:

Cash on hand Oct. 27, 1914 (date of liquidation), \$19,600; cash receipts, \$299,604; total, \$319,205.

Cash disbursements, \$107,088; cash on hand, \$212,116; total, \$319,205.

Action Against Directors

Action was brought by liquidator Stewart against the directors for the return of several million dollars. Justice Murphy, in a judgment on January 29, 1916, excused certain out-of-town directors, but decided that W. H. P. Clubb, Dr. W. D. Brydon-Jack, F. R. Stewart, T. R. Pearson, Jas. Ramsay, Dr. G. E. Drew, E. L. Reid, K.C., Wm. Henderson, Dr. H. W. Riggs, James Stark, E. W. Keenleyside and E. P. Miller were liable. He relieved from liability John A. Machray, K.C., of Winnipeg; John Pitblado, of Montreal; David W. Bole, Montreal; Edward Bell, Vancouver; and C. W. Twelves, of Antwerp.

An admission by Liquidator Andrew Stewart that he was convinced none of the directors of that defunct company profited personally by any of the acts of misfeasance with which they were charged was the outstanding feature of the evidence.



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Read extract from Mr. A. E. Runciman's letter after fire at Annapolis Royal, N.S., September, 1921:

"A safe that will bring its contents out in perfect condition when iron melted and steel radiator pipes are a twisted mass is good enough for me, and I am placing an order for a new safe."

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General Manager

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Assistant General Manager

This decision was appealed by the directors affected. Negotiations with the shareholders were commenced, however, and by March, 1917, an agreement had been reached whereby twelve directors turned over about \$30,000 in assets, partly cash, to the liquidator.

A Double Liquidation

The case was also confused by reason of the organization of a "Dominion Trust Co.," under which name the old company was to be liquidated. Some of the holders of partly paid shares, against whom actions for the balances was being taken, refused to exchange their holdings, however.

Liquidator Stewart, who was succeeded by J. C. Gwynne, on his retirement issued the following statement of the Dominion Trust Company's affairs as at November 7, 1918:

	Valuation
Loans, advances to Estates and Clients, Mortgages and Debentures, Notes and Accounts Receivable	\$195,976
Amounts due from Contributors	100,000
Real Estate	68,000
Vault Lining, Door, Safe Deposit Boxes and Furniture	29,600
Total Unrealized Assets	\$393,576
Cash on Hand and in Bank	183,792
Total Assets	\$577,368

In February, 1919, an attempt was made by J. A. MacInnes, acting for a number of shareholders, to prevent the liquidation of the Dominion Trust Co., Ltd., the predecessor of the Dominion Trust Co. The liquidation of the Dominion Trust Company, Ltd., was decided upon owing to the success of Mr. MacInnes' clients in evading being made contributors of the Dominion Trust Company liquidation on the ground that they had not exchanged their shares in the Dominion Trust Company, Ltd., for those of the Dominion Trust Company.

The other shareholders, numbering 120, and representing possible contributions of \$110,000, who did not bother to contest the matter, were not placed on the list of the Dominion Trust Company, Ltd. Liquidator Gwynne took the ground that there was neither sense nor justice in getting judgment twice on the one debt.

Mr. MacInnes contested the further liquidation of the Dominion Trust Company, Ltd., on the ground that the liquidator was not seeking to join the 120 shareholders referred to and was thereby allowing \$110,000 of contributions which ought to go into the Dominion Trust Company, Ltd., liquidation, to go into the Dominion Trust Company liquidation.

This case reached the Supreme Court of Canada, which on May 19, 1919, dismissed the action; this enabled J. C. Gwynne to proceed with the liquidation of the old as well as the new company, and to take action to collect an additional \$140,000.

Dividend Payment

In October, 1920, J. G. Gwynne, liquidator of the Dominion Trust Company, received an order from Mr. Justice Murphy authorizing him to pay a dividend of ten cents on the dollar upon those claims of unsecured creditors which had so far been allowed by the court, and to set aside claims of unsecured creditors not yet allowed by the court, but to be adjudicated upon in the near future. Secured creditors had already been paid over \$25,000, and the amount of claims as adjudicated upon and allowed by the court upon which the dividend was to be paid, was \$2,353,774; the unsecured claims still to be adjudicated upon at that time totalled \$467,748.

This first payment of 10 per cent was made to 7,577 creditors. Depositors were entitled to rank as ordinary unsecured creditors for one-half the amount of their deposits and to receive a dividend thereon. This was in ac-

cordance with a compromise agreement made in November, 1919, and approved by the court.

Action Against Royal Bank

On September 8, 1920, liquidator Gwynne declared that had the manager of the Royal Bank made proper inquiry into the affairs of the Dominion Trust Co. before making it a loan, the company would not have collapsed. Accordingly he entered suit for the return of securities valued at \$250,000, given to the bank as collateral. The liquidator contended that the Trust Company did not have \$100,000 of capital subscribed and that there were no shareholders to pass a resolution authorizing it to borrow. Counsel for the bank, on the other hand, produced a letter from the trust company's solicitors stating that its share register was in order, and also argued that the assignees of a party performing an illegal act by which he benefits cannot later hold the other party to the transaction responsible. One of the bank's officers, John T. Kay, testified that one of the securities on which the trust company borrowed money a few months before the war was a draft for \$155,000 put through by Alvo von Alvensleben, of Berlin.

Special Act of Parliament

Doubts had arisen from time to time as to whether the act incorporating the Dominion Trust Co., and empowering it to commence business on January 4, 1913, for the purpose of liquidating the Dominion Trust Company, had been complied with in all its terms. Accordingly an act was passed at the 1920 session of parliament, confirming the action that had been taken.

In May, 1921, liquidator Gwynne expressed the hope that a further and final dividend of 10 per cent. might be paid. It would, he said, depend on what could be secured from Alvo von Alvensleben, who had endorsed notes of W. R. Arnold, given to raise money for their joint speculations.

Liquidator Discharged.

Last June J. C. Gwynne received his official discharge as liquidator of the Dominion Trust Company and the Dominion Trust Company, Limited. Mr. Gwynne was allowed the sum of \$6,000 for his services and was congratulated by Judge Murphy for the excellent way in which he had handled the liquidation of the companies. Harry J. Burnett, barrister, was appointed officer of the court but was not styled "liquidator." He is handling the balance of the collections at a monthly salary of \$100 and 10 per cent of net amounts collected.

The final account, duly passed by the registrar, filed by Mr. Gwynne, is quite a formidable document. It shows that the total sum collected amounted to \$1,673,000, with disbursements, including dividends, amounting to \$1,561,000. The balance in bank amounts to about \$89,000, and there still remains to be collected from the old company about \$6,000 and for the Dominion Trust Co., Limited, about \$110,000, exclusive of the Alvensleben claim which is an unknown quantity. As the collectable amounts have all been agreed upon, Mr. Burnett's duty will simply to see that they are paid in due course.

ONTARIO LOAN AND TRUST DEPOSITS

Deposits of Ontario Loan and Trust Corporations as at September 30, show a decrease compared with June 30. Holdings of cash and securities and loans were also decreased, however, the percentage of the latter to deposits being reduced from 46.24 at the end of June to 42.15 at the end of September. Returns for the companies show a remarkable variation in this percentage, from as low as 1.78 per cent to as high as 13.56 per cent. The figures, as compiled by the Ontario Registrar of Loan and Trust Corporations, are shown in this section of The Monetary Times Annual.

In the Investment section of The Monetary Times Annual a statement of deposits of Ontario Loan and Trust Corporations as at September 30, 1921, with a comparison with June 30, is given.

THE SASKATCHEWAN MORTGAGE AND TRUST CORPORATION, LIMITED

Paid-Up Capital and Reserve - - - - \$950,000

The oldest and largest Trust Company in Saskatchewan. Real Property Managed. Estates Administered. Act as Agent for Executors and Trustees who desire to be relieved of the management of Estates.

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E. E. POOLE
C. V. SMITH, Manager

A. W. MacGREGOR
F. G. ENGLAND

A. E. WHITMORE, Vice-President
S. C. BURTON
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102 Darke Block

Regina, Saskatchewan

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EXECUTOR	INSURANCE EFFECTED
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Authorized Trustee under Bankruptcy Act

YORKSHIRE BUILDING, VANCOUVER, B.C.

General Manager - - H. W. DYSON.

British Canadian Trust Company

Head Office—Conybeare Block
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INCORPORATED BY SPECIAL ORDINANCE OF THE NORTH-
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General Financial Agents

C. F. P. CONYBEARE President	GEO. H. STACEY Vice-President
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Authorized Trustee under Dominion
Bankruptcy Act

Legal Decisions Effecting Trust Companies

Langstaff vs. Langstaff Decided by Saskatchewan Court of Appeal
—Schultz vs. Wayne Coal Co. Decided by Alberta Court of Appeal
—Other Points Come Up Before Higher Courts of Provinces

A large number of cases of interest to trustees were decided by the Courts during the past year—the most outstanding being reviewed herein.

In the Saskatchewan Court of Appeal the case of Langstaff v. Langstaff was decided early in the year. The facts were: Helen May Langstaff, carrying on business as Western Fruit and Provision Co., wife of W. F. Langstaff, brought action against Harvey and Maud Langstaff as administrators of the estate of their deceased father, James Dudley Langstaff. The plaintiff claimed payment of two promissory notes of \$3,000 and \$2,000, respectively, alleged to have been made by James Dudley Langstaff. The first-named note was admitted at trial, but all the defendants denied the signature of James Dudley Langstaff to the second note. F. G. Squirrell admitted that he was administrator appointed after the commencement of the action, but did not plead *plene administravit*, or want of assets.

The judgment appealed from was as follows:—

"Although the \$2,000 note is suspicious, and the circumstances justify the administrators in disputing it and insisting on strict proof, after looking at the evidence with great care and thoroughly sifting same, I have come to the conclusion that the note was made by the deceased. Against the opinion evidence of some bankers as to the signature we have the positive evidence of W. F. Langstaff, corroborated by Flora Meech and Ruby Cairns.

"There will be judgment for the plaintiff declaring that the defendants are liable to pay the amount claimed with interest and costs to be taxed in the course of administration of the estate, with liberty to the plaintiff to apply further if necessary."

On appeal, Haultain, C.J.S., says in his judgment:—

"The trial judge, after seeing the witnesses and hearing their evidence, has found for the plaintiff, in spite of the fact that he considered the note in question 'suspicious.' There is ample evidence to support that finding, and I do not think we should be justified in reversing it. The trial judge has directed that the judgment against the administrator should be for payment of the amount due and costs in due course of administration. I think that, as the administrator did not plead *plene administravit* in his defence, he must be taken as admitting assets to satisfy the judgment."

Subscription to Stock

In the case of Schultz v. Wayne Coal Co., Ltd., before the Supreme Court of Alberta, the facts were:

"Schultz, after paying \$400 in full for the shares of this company (Wayne Coal Co., Ltd.) stock for which he had subscribed, paid the company again in full for the same by mistake. He sued the company for this money some six months after the second payment was made, and in that action he issued a garnishee summons against the Standard Bank of Canada, which paid into court the sum of \$399.25, being the amount which it admitted owing the company at the date of the service of the garnishee summons. Shortly afterwards, and whilst this money was still in court, the company went into liquidation. Schultz claims to be entitled to this money and the liquidator also lays claim to it. The Master at Calgary has given effect to the liquidator's claim and from his decision Schultz appeals. The question is asked whether or not Schultz is entitled to have this money paid out to him in priority to all other creditors."

On these facts Mr. Justice Walsh said:

"If the identical money which he paid in error to the company had been preserved in specie or so ear-marked as

to have retained its identity there might be some force in this contention. But that is not the case at all. What I am asked to order is that out of the assets which should otherwise be available for distribution *pari passu* amongst the creditors \$400 should be taken and set apart for repayment to him of the money which the company improperly received from him. I do not think that I can do that. In my opinion neither this particular fund nor any other part of the assets of the company is impressed with a trust in favour of Schultz. The company undoubtedly owed him this money, but in my judgment as his debtor, and not his trustee. He sued the company as his debtor, and so if there was any question of election about it he determined the matter by the form of his action. His statement of claim is not before me but it must have been for money had and received. Under the rules he could only have issued a garnishee summons in an action for a debt or liquidated demand, and so it must be that his action was in a form which clearly shewed that he treated the company as his debtor. The garnishee summons which he issued could only have issued upon an affidavit proving the company's indebtedness to him. If he was not before, I think he thereby elected to become and became a creditor of the company and his claim must be disposed of on that basis. If he had carried that action to judgment it would simply have been for the recovery of the amount of this debt."

Joint Bank Account

In New Brunswick an interesting case came up for decision in which a joint bank account formed the basis of the case, the question being whether such was a gift *inter vivos*, a transfer of property by way of trust or whether it was a gift which was not to take effect until the donor's death.

The action was brought by Frank I. Shortill, as executor of his father's will, against Helen Grannan, concerning certain moneys deposited to the joint account of his father and Helen Grannan. Prior to April, 1914, the late Owen Shortill had in the savings department of the Bank of Nova Scotia at Fredericton a deposit to the amount of \$1,100 or thereabouts. He withdrew this money on April 15, 1914, and on the same day deposited it in the Bank of Montreal at Fredericton in his own name and that of the defendant, the defendant being described as Helen M. Grannan. At the same time he and the said Helen M. Grannan signed an agreement with the Bank of Montreal to the effect that all moneys from time to time deposited to the said account, and interest, might be withdrawn by either of them, and each of them authorized the bank to accept as sufficient acquittance for any amounts withdrawn from said account from time to time, any receipt, cheque or other document signed by either or both of them. It was further provided in the agreement that the death of either the said Owen Shortill or Helen M. Grannan should in no way affect the right of the survivor to withdraw the moneys deposited in the said account. It will be seen, therefore, that the deposit in the Bank of Montreal in the joint names of Shortill and his niece was on the condition that the money could be drawn by either or the survivor. After Shortill's death, which took place on August 11, 1919, the balance then in the Bank of Montreal to the credit of joint account, amounting to \$1,147.22 was withdrawn on August 11, 1919, by the defendant. The plaintiff claims that the money was not the property of the defendant, but belonged to him as executor under his father's will. This will was not put in evidence, but throughout it was treated as having been made some years before the money was withdrawn

THE IMPERIAL CANADIAN TRUST COMPANY

HEAD OFFICE, WINNIPEG, CANADA

Incorporated by Special Act of the Legislature of Manitoba
Licensed under the Laws of the Provinces of Saskatchewan, Alberta and British Columbia

AUTHORIZED CAPITAL	- - - - -	\$3,000,000
SUBSCRIBED CAPITAL	- - - - -	1,171,700
PAID UP CAPITAL AND RESERVE	- - - - -	1,196,349
TOTAL ASSETS	- - - - -	8,227,564

DIRECTORS

Major D. E. Sprague, O.B.E., J. H. G. Russell, Esq., W. T. Alexander, Esq., Dr. A. D. Carscallen,

W. J. Boyd, Esq., E. L. Taylor, Esq., K.C., F. H. Alexander, Esq., Col. The Hon.

A. C. Rutherford, James Short, Esq., K.C., S. D. Lazler, Esq.,

R. T. Elliott, Esq., K.C., Thos. S. McPherson, Esq.

General Manager: W. T. ALEXANDER, Esq.

Asst. General Manager: MAJOR F. R. GEORGE

Authorized to act as

**EXECUTOR, TRUSTEE, ADMINISTRATOR, GUARDIAN, RECEIVER, ASSIGNEE
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MOOSE JAW, - Sask.**

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Executor, Administrator and Assignee

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Wm. Grayson, K.C., W. F. Dunn, L. M. Rosevear,

A. R. Ble, H. F. Stirk, J. W. Sifton.

Jno. Crawford, H. H. Bamford.

W. A. MUNNS, Manager

(Official Administrator for the Judicial District
of Moose Jaw, Sask.)

Canadian Guaranty Trust Company

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Moneys Invested for clients in First Mortgages
on improved farms only to yield 6% to 7%.

5½% allowed on sums of \$500.00 or upwards
in moneys left for three years or longer under
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Our Agency Department is fully organized
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of Manitoba.

Authorized Trustee under Bankruptcy Act

Branch Office:

SWIFT CURRENT, SASK.

from the Bank of Nova Scotia by Shortill and redeposited in the Bank of Montreal.

Chief Justice Hazen in his judgment said:

"I fail to find any evidence of intention on the part of Shortill to create a trust or become a trustee. By no act which admits of any other interpretation did he evidence that he himself had ceased to become the beneficial owner of the money in question and that such legal right to it, if any, as he retained was held by him in trust for Miss Grannan. At any time during his lifetime he could himself have drawn out every cent of the amount under the agreement entered into, and Miss Grannan would have had no redress.

"In the present case I have come to the conclusion, in view of the evidence, that the intention of Owen Shortill was that the gift should not take effect until after his death. The fact that he had believed that he had arranged with the Bank of Nova Scotia that the money should go to his son Frank; the fact that he evidently changed his mind and decided that his son Frank should only get the farm and that what was left of the money in the bank should after his death go to Miss Grannan; the statements he made to Miss Grannan which I have already quoted, and which are practically the only evidences of his intention, all indicate that the gift which he intended was testamentary in its character, and this to my mind is sustained by the way in which the money was treated after it had been deposited in the Bank of Montreal. The fact that Miss Grannan did not for years, not until after Shortill as if it was his absolutely, and acted upon his directions in regard to it, confirm me in this view, and are of such a character as to almost lead to the conclusion that Miss Grannan viewed the matter in that light.

"Having concluded that there was no gift *inter vivos*, and that there was no transfer of the property by way of trust, and that the gift was not to take effect until the donor's death and was therefore testamentary in its character and therefore of no validity by reason of the formalities of the Wills Act, requisite in such cases, having been disregarded, I have reached the conclusion that the plaintiff must succeed."

Guardian of Infant's Estate

In another Alberta case, a trust company had been appointed guardian of the estate of an infant and had failed to keep its ward's funds properly invested. In stating the law applicable, Justice Stewart said:—

"In 21 Cyc., p. 87, it is said: 'It is the duty of a guardian to keep the ward's funds invested and in the case of failure to do so he may become liable for interest thereon.' And in Simpson's Law of Infants, p. 289, it is said: 'From the doctrine that a guardian is a trustee it follows at once that he can make no profit out of the office, but is bound to act in all things for the infant's benefit.'

"In this case the guardian received the estate of the infant into its hands under an order of the Court which gave no special or any direction as to investment. In those circumstances the guardian became subject to the general duties of a guardian of an infant's estate. A consequence of the principle enunciated in the passages above quoted seems clearly to be that the guardian has no right to act in the double capacity of guardian and as a person with whom the money is invested. In other words, without special authority from the Court the guardian has no right to invest the infant's money with itself (being a company) and by the use of the money so invested with itself to make a profit thereon. The very fact that the company is known as a company whose business it is to receive money for investment seems to emphasize this view.

"Whatever the situation may have been, therefore, if the guardian made no investment at all but simply kept the money in its own hands, when it appears that it did invest the money, it seems to be absolutely clear that it must account for the interest actually received subject to its right to a reasonable remuneration for its care and supervision of the estate.

"The moneys of the infant were apparently mingled

with other trust funds and these were invested by the company in its own name. It should obviously be chargeable with the interest which it in fact received on the mingled funds so invested. Of course, a small proportion of this general fund seems to have been retained, and it was no doubt legitimate in the circumstances to retain uninvested a small proportion of this infant's estate. What was the proportion actually retained is of course difficult to determine upon the evidence, but the best the Court can do is to make such allowance for this as would seem to be fair to the company."

Succession Duties

By a decision handed down in the Supreme Court of British Columbia, in which judgment for the Crown was given in the case of the King against the United States Fidelity Co. and Lorenzo J. Quagliotti, Justice Gregory affirmed that succession duties must be paid on the amount of estate valuations sworn to for probate purposes, even though the estate has been over-valued, and it has been found impossible to realize upon it.

The Crown sued for payment of succession duty on the Victoria estate of the late Mrs. Patronilla Quagliotti. The estate, which included several old buildings in the city, as well as the Variety and Romano Theatres, was valued for probate in the sum of \$886,000, the duty on which came to \$44,287. The company gave a bond, in twice the amount of the duty, as surety for the executor, Lorenzo J. Quagliotti. The defendants pleaded that the estate had been much over-valued and that it had never been possible to realize upon it. It was given in evidence that the estate had never realized enough to pay for its upkeep; and that it had largely been sold for taxes. Evidence was submitted to show that a fair valuation would have been about half of that accepted for probate; and it was argued that duty should be reckoned on the amended valuation.

Justice Gregory agreed that the estate was over-valued, and thought that it was not worth more than \$500,000 in 1915, when the valuation was made. But he held that when the bond was executed both the defendants and the Crown believed it was to secure payment of the amount of duty on the actual valuation made for probate, which was accepted by all the parties; and he held that the company is responsible under the bond. Judgment for the plaintiff was given in the sum of \$44,287.50, with interest at 6 per cent as the amount of the duty is concerned.

UNIFORM TRUST RETURNS

One of the developments of 1921 in the trust company field was the working out of a uniform system of annual returns for Ontario and for Dominion companies. This form was arrived at after extensive conferences between the government officials and the loan companies concerned. The form is a booklet of 31 pages, requiring considerable detail as to assets, liabilities, receipts, and expenditures.

MANITOBA LEGISLATION

At the 1921 session of the Manitoba legislation the Bankers' Trust Co., of Montreal, was given power to do business in the province. An amendment to the incorporation act of the Equitable Trust Co. was also made, empowering the directors to forfeit any shares on which payments were behind by ninety days or more.

Manitoba also amended its "Lunacy Act," providing that where any portion of an estate is in the hands of a trustee, debtor, &c., the latter should merely be required to have a receipt from the administrator. An amendment was also made to the "Trustee Act" regarding the form of notice to be sent out when claims were to be filed.

La Societe Internationale d'Administration secured a charter with trust powers and capital of \$299,000, of which \$100,000 has been paid up early in 1921. The office at 86 St. James St. Montreal, and P. L. S. Browne is manager

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The Past Year in the Investment Field

A Survey of Conditions Affecting Capital and the Return From It—Credit Conditions Have Changed, and Movement Is Now Towards Easier Money and Lower Interest Rates

BY DR. ADAM SHORTT

IN taking a survey of the conditions affecting general investments and securities towards the close of another year, one realizes that this subject presents a variety of reflections and conclusions according to the point of view from which it is approached and the circumstances under which it exists. In times of stability and general prosperity the investing public is usually interested in a wide range of securities. Moreover it is not inclined to make any radical distinctions between the securities of the larger private corporations engaged in industrial enterprises, public utilities, or monetary and financial affairs, on the one hand, and the various forms of public bonds and debentures on the other.

Under present conditions, however, the attitude is entirely different. Very sharp distinctions are made in the different types of securities. This is not necessarily because the less favoured are suspected of unsoundness, but chiefly on account of the lack of accurate knowledge as to their real soundness. Thus a general atmosphere of uncertainty surrounds them, and, for the time being, they are simply left alone in a void of suspended judgment. There is also a more than ordinarily marked difference of attitude between those trading on capital account, for the profits to be derived from trading on fluctuations in the market prices of securities, and those who are buying and selling for the enlarging or readjustment of permanent holdings, with a view to the annual income from dividends or interest.

Bonds are Favored

On the whole, there is a marked trend, on the part of the permanently investing public, away from stocks and towards bonds, and particularly towards the bonds of maximum stability in capital value. There is, however, not only the trend of the permanent investor but of those also who desire for various reasons to keep a very considerable portion of their capital in as fluid form as possible, while still not foregoing such interest on their funds as may be safely obtained under those circumstances. This latter influence brings into favour short term securities, including those, whatever their term, which are nearing the period of their maturity. This condition also creates a favourable market for exchequer bills of short dates, and call loans on the most reliable securities.

It does not follow, however, that the securities upon which one can immediately realize under such conditions as the present, are the securities upon which one can realize with equal certainty during periods of general confidence and prosperity. As we shall see the conditions are commonly reversed under these different circumstances. In such cases everything depends on what gives to the investment market for the time being the steadiest demand in the largest volume for certain types of securities. It follows, of course, that the holder of such securities can readily realize upon them without delay and without sacrifice of capital.

Deflation is Necessary

It may be observed, as was anticipated a year ago, that the past twelve-month has witnessed a steady, and in some respects a comparatively rapid progress in the process of deflation and readjustment. This, of course, is never a pleasing experience for the business world and is indeed most pleasing experience for the business world and is most reluctantly acknowledged to be actually in progress. One hears, throughout such periods, the constant iteration that the tide has turned and business is as a matter of fact on the upward trend. When the movement is actually over, however, it is commonly accepted as a necessary, and on the whole salutary process. On the other hand, the impatience to resume full economic activity is not always likely to be

gratified, more particularly when many of the countries on which we must more or less depend for our economic expansion have not yet completed their deflation, and when indeed some sections of our industrial circle have not yet completed their readjustment.

We have seen our agricultural produce, the products of our fisheries, and many of our more important raw materials of the forest and the mine, reduced to practically pre-war rates, and indeed below them in some cases such as live stock and grain. We have not, however, accomplished much in reducing those services and products such as transportation and housing, to which abnormally high wages contribute such important factors of cost and which are now the chief obstacle to the return to normal activity and enterprise. In several lines, such as textiles, boots and shoes, food preparations, and hardware, the older supplies being practically exhausted there is a certain necessary revival of trade to meet at least immediate demands. But these evidences of revival are diffident and manifestly reluctant to undertake the production of any considerable quantities of goods in advance. There is indeed a rather well founded conviction, though little public assertion of it, that until certain further costs of production are lowered it is unsafe to produce extensively for the general market, in the face of probable further reductions in prices.

Some Classes Feeling Pinch

In the meantime the farmers, the lumbermen and others find themselves hardly situated in having to furnish their products at considerably lower, in some cases much lower than pre-war rates, while having still to pay approximately war prices for many of their most indispensable purchases. On the other hand, those who are still exacting war rates in wages and prices are obtaining their food and several other supplies at approximately pre-war rates. Housing is still high, of course, and is simply a case in point since it is plainly due to the determination of the building trades to retain war rates in wages, notwithstanding the demand for many raw materials and the cost of living. Nor can a temporary revival of production, however cautious, meet the urgent demand for housing without necessarily risking an almost certain decline in values before the invested capital can be recovered. Again as very clearly realized in well informed quarters of Britain and the United States, there cannot be a permanent revival in any important country until European trade and finance are upon a more normal basis.

Meantime, even though we cannot regard our deflation as quite complete or at all equitable for certain important elements of the community, and although, so far as our trade and exchange conditions depend upon the progress of readjustment in other countries, there is little immediate prospect of a return to quite normal conditions, yet in the face of world conditions in general and in comparison with most other countries, we have much for which to be thankful in Canada. Most of these fortunate features are particularly encouraging for the future of our investment prospects and our general financial stability.

Britain and United States are Sound

The two countries with which our trade and financial relations are most intimately connected—Britain and the United States—represent the soundest parts of the world. Our internal financial condition, while subject to heavy burdens, presents in general a situation of stability and sanity. In previous crises our more important industrial and commercial establishments, and our banking and financial institutions, under mistaken conceptions of what constituted vigorous and wholesome competition, provided for each other

a precarious existence both individually and in their mutual relations. There was little appreciation of the necessity for co-operation and mutual support in the face of common danger and trial. There prevailed the very short-sighted and selfish policy of seizing every opportunity presented by a condition of diminished trade and financial stringency of force rival institutions to the wall. There seemed to be neither the will nor the capacity to check resort to desperate measures of a "kill or cure" nature in the face of critical situations resulting from the past, while those who had little more to lose, with a possibility of something to gain, indulged in wild-cat gambling on the uncertainties of the immediate future.

Under present conditions, however, thanks to a more intelligent appreciation of the lessons of past experience and to the efficiency and courage of those who have applied wisdom derived from the past to better the relations of the present, our banking and financial institutions and our more responsible industrial and commercial establishments are co-operating quite effectively for the relief instead of the aggravation of critical situations, and to suppress whatever tends however, unduly sheltering from their inevitable consequences, deliberate unwisdom and folly in individual cases. Where possible, effective measures have been taken to prevent the secondary effects upon innocent parties of conditions which they could not well foresee, or even, when foreseeing, could not effectively guard against.

Controlling "Big Business"

Much of the possibility of dealing firmly and intelligently with the inevitably difficult process of retreat from economic positions which had become untenable, must be attributed to the much abused modern economic development known as "big business," or the consolidation of extensive economic interests under relatively limited executive control, although the ownership of the capital, in the shape of shares or bonds, may be extensively diffused.

It is not to be denied, of course, that such consolidations afford opportunities for subordinating, under certain circumstances, the general interests of the community, or of special individuals, to those of the great corporations and some of their organizers. Their size, however, and limited number, and the unavoidable publicity of most of their operations render it much easier to protect the interests of the public by legislation and public opinion, than in the case of individuals or smaller units. The exceptional powers, however, which are admittedly subject to abuse under such circumstances, are also capable of being employed with even greater efficiency in the protection of those numerous and fundamental interests in which these corporations and the general public have a common stake. The very size and range of such combinations render the field of common interest much more extensive than one is inclined to suppose from a superficial view.

It must be admitted, again, that the administrative wisdom of the great corporations is not faultless, and may on occasion take a course contrary alike to the interests of their corporations and to the public. Thus, they may deplete their fluid reserves, replenished through war prosperity, by the distribution of exceptional dividends and in other ways. In most cases, however, realizing that trying times must shortly be faced after such a destructive and demoralizing war, they have employed a considerable portion of their large profits in fortifying their finances for just such a period as we are now facing, and the wisdom of such action redounds not only to their own interests but to those of the country at large, including even their most vigorous critics. Notwithstanding the steady expansion of Canadian economic interests the number of really important economic corporations has steadily diminished. In critical situations like the present this has undoubtedly enabled the common interests of the public and the corporations to be more easily and efficiently conserved and protected. This has undoubtedly been due to the eliminating of miscellaneous, ignorant, and merely cut-throat competition, through the introduction of the more intelligent and responsible management of our larger economic enterprises.

Thus, while every notable advance brings its own peculiar defects and risks, we must at least recognize that we are indebted to the development of what are known as big busi-

ness interests for the capacity to meet so successfully the temptations of the large corporations to take advantage of their extensive powers for comparatively selfish purposes, in problems of deflation and readjustment. Whatever be the times of general prosperity and with large margins of safety to encroach upon, the obvious necessity for a very close regard for all common interests is the surest safeguard at present that these powerful instruments of financial protection will be used to the maximum advantage.

The Banking Field.

In the field of banking in particular we may recognize the application of the foregoing reflections. Two factors have chiefly contributed to the relative safety of our present banking and credit system as a national service. First, the establishment and the development of the functions of the Canadian Bankers' Association, not the most valuable features of which are specified in the legislation defining its powers. The unwritten rules and customs which it has introduced and extended are its most valuable contribution to our present financial safeguards.

Secondly, the notable reduction in the number of Canadian banks, coincident with a very marked expansion in the business of the banks. In 1905 there were thirty-four banks with one thousand one hundred and forty-five branches. In 1921 there are eighteen banks with four thousand six hundred and seventy-six branches. This striking reduction in the number of the banks has coincided with the increased financial stability of the country. There has been a corresponding reduction in the danger of disaster to individual banks and the inevitable strain which this puts upon the soundest of the banks, owing to the creation of a panicky condition in the lic mind with reference to the whole system of banking. Under former conditions our banks were relatively more unstable, lacking in reserves available under critical conditions, more conscious of their conflicting, than of their common interests, and with a weaker sense of public and professional responsibility. Under these conditions there were apt to develop in various quarters reckless or questionable practices which the more conservative banks were powerless to check in any effective manner. Under present conditions, however, while one cannot say that all risks are eliminated, yet the banking system as a whole is an exceptionally stable and efficient organization, having both the will and the ability to maintain the exchange and credit of the country on a wholesome basis.

Easier Money Conditions.

One of the most reassuring indications of the maintenance of public and private credit on a sound basis is the tendency already manifested towards the accumulation of considerable quantities of fluid funds. In other words, a distinct tendency towards an easier money market. This has been already evident in the United States and England. An easier money market does not mean, of course, that money is more readily available for all forms of investment. On the contrary, it indicates that while fundamental conditions are sound, money is not readily available for many fields of enterprise. It is only very partially available for new industrial and commercial investments, but these are just the fields in which deflation is not yet complete and confidence in earning power not yet restored. Under wholesome conditions new funds are always accumulating and investments for them are consequently being sought.

But where there is uncertainty and lack of adequate information as to offerings for investment, the field of actual investment is apt to be very considerably narrowed. A waiting attitude with reference to the general economic field is quite common and indicates only reasonable caution. This leads to the accumulation of considerable fluid funds, and as it is desirable to derive such revenue from them as is consistent with a ready command of capital, they naturally seek employment in such securities or loans as best answer these conditions. In most cases, with a stable and solvent government, such temporary investments are found in government securities, whether permanent bonds, or short loans and exchequer bills. Call loans on similar securities are also favored.

Government Bond Market.

When therefore we find, as at present, government

bonds steadily rising in value, and government short loans or exchequer bills considerably over-subscribed, we have fairly certain evidence of two things. First, a general reluctance to invest in industrial and commercial offerings, no matter how good their immediate credit may be, or how attractive the dividends or interest offered; and, secondly, a fairly stable economic situation, with a sound system of banking and credit, which permits, on the one hand, the accumulation of surplus funds, and encourages, on the other, the investment of them in the soundest securities, either for brief periods affording a ready command on the capital involved, or for permanent investments with certainty as to the security of the capital and the regularity of the interest returns.

Such is the situation in which Canada finds itself today. Government bonds are likely to stand well on the market for some time, although an extensive rise is scarcely to be expected, for certain more or less obvious reasons. In the first place, the amounts for which these bonds have been issued are so large that a very extensive demand can only very moderately raise the price of them; and, in the second place, it is doubtful whether, with all the incentives towards economy and the reluctance to increase taxation, we have yet reached the end of our national, provincial, and municipal borrowings. Such additional borrowings will, of course, absorb considerable amounts of ready capital and thus also keep down the prices of securities.

On the other hand, the more rapid rise in the prices of government securities in the United States, with the favorable rate of exchange, will tend to divert considerable amounts of American capital towards investment in the public securities of Canada, and thus tend to increase prices here, speculative anticipation of the rise materially aiding. Again, when the deflation process is practically completed and prices and wages are once more reduced to such a level as will guarantee safety in production, permanence in employment, and stability in Canadian markets, where will undoubtedly be a rapid—we should earnestly pray that it may not be too rapid—transfer of attention from government securities to industrial and commercial ventures and public utilities operated by private corporations. This transfer of interest will not indicate any more intimate knowledge of the fundamental quality of the securities offered; it will indicate merely a return to normal conditions and the restoration of general confidences—too apt to pass into over-confidence.

Then will be experienced the decline of comparatively high priced and consequently modest income producing securities, in which large quantities of funds have been held for temporary investment. These securities are, of course, not in themselves capital, before at least the period of their redemption, but merely guarantee an annual income return. Hence, to realize on the capital invested for them one has to exchange the securities for such available fluid capital as is seeking investment at the time, and under the conditions stated most of this will be seeking the newer and more profitable types of investment. As a consequence, the measure by which the government securities have risen under the influences which are operating at present, will probably be exceeded by that of their fall under the reverse movement, when the immense volume of these securities will then aid in depressing the market. One factor, however, will tend to check this downward movement and that is the tax-free quality of the bonds.

This feature is of no consequence for the smaller investors, but is of the highest consequence for the wealthy investors. It is inevitable, therefore that, in the course of their career as investment securities, the tax-free government bonds will more and more concentrate in the hands of the wealthiest element in the community. Much the most unfortunate feature of this is its tendency to divorce the larger capitalists from interest and participation in the recovery of the country from the stagnating effects of the war. It also diminishes their more cautious and conservative control over the purely speculative and reckless elements which, after a period of depression, tend to run to the other extreme.

British Imperial Credits

A rather interesting feature bearing on conditions which may over-stimulate the speculative movement in the period

of recovery and reaction from the present stringency, is the attention being given in Britain to the question of specially encouraging imperial credits. Such credits, it is realized, promise safer opportunities for investment than most purely foreign fields, outside of the United States. Such investments are especially to be encouraged, however, on the expectation, for which there is reasonable grounds, that they will furnish outlets for British goods. In other words, these investments, from the national point of view, will be made in the shape of goods rather than in cash or in funds. This was largely true of the heavy investments of Britain in Canada during our pre-war period of prosperity and which was closing just as the war broke out.

It is true at least that Canada took all of its hundreds of millions of borrowings in the shape of goods. While, however, imports from Britain were greatly increased in consequence of the loans, imports from the United States were still greater on the same account, and were paid for in exchange on Britain. But the point of special importance for us is, that during the period of investment there was no difference whatever, as regards the prosperity created, between the ultimately sound and profitable investments and those which were not. This aspect of the situation was largely ignored during that period of boom and as equally absent in the consideration which is at present being given to the subject in Great Britain.

In our next period of expansion through foreign capital the United States is certain to be a very important contributor. The productive nature of the investments to be made is the consideration which most nearly concerns Canada and its financial future. It is to be hoped, therefore, that we may profit by the experience of our pre-war boom to avoid those unfortunate elements of one-sided development in such lines as transportation, urban construction, and land speculation, which were carried so far beyond the proportionate development of the country in all the more vitally productive activities, and which have contributed so much to our present financial distress.

ROYAL MINT'S OUTPUT WAS LOWER

Moneys Coined and Issued Show Reductions as Compared With Previous Year

THE following companies of gold, silver and bronze moneys coined and issue in Canada is supplied to The Monetary Times by the Royal Mint, Ottawa:—

	Gold	
	Pieces	Value
Coined 1st Jan. to 31st Dec., 1920 .....	...	....
Coined 1st Jan. to 31st Oct., 1921 .....	...	....
Issued 1st Jan. to 31st Dec., 1920	4	£ 4
Issued 1st Jan. to 31st Oct., 1921	136	£136
	Silver	
	Pieces	Value
Coined 1st Jan.-31 Dec., 1920	19,453,358	\$1,926,690
Coined 1st Jan.-31 Oct., 1921	4,960,029	371,117
Issued 1st Jan.-31 Dec., 1920	15,472,000	1,356,000
Issued 1st Jan.-31 Oct., 1920	1,260,000	86,000
	Bronze	
	Pieces	Value
Coined 1st Jan.-31 Dec., 1920	22,373,779	\$223,737
Coined 1st Jan.-31 Oct., 1921	4,545,295	45,452
Issued 1st Jan.-31 Dec., 1920	20,908,500	209,085
Issued 1st Jan.-31 Oct., 1921	3,800,000	38,000

QUEBEC HONEY PRODUCTION

The production of honey in the Province of Quebec has more than doubled in the last seven years. From 1,500,000 pounds in 1914, it has increased to 3,800,000 in 1921. There were in the first year of the war only 3,200 farmers interested in the production of honey, while to-day the number of producers is 6,300. These figures were given out in an address delivered by C. Vaillancourt, Chief of Honey Production Branch of the Department of Agriculture of the Province of Quebec.

1921 in the Mortgage Loan Field

Drop in Prices of Farm Products Resulted in Many Cases in Failure to Meet Payments—Life Insurance, Loan and Trust Companies in the Mortgage Loan Field—Changes in Interest Rates

BY WILLIAM LEWIS EDMONDS.

It is generally conceded that 1921 was the most trying year in a decade for corporations whose activities are centred in loaning money on mortgages. While this condition has ruled in respect to mortgages of practically all descriptions, it has been particularly so regarding those covering farm lands in the Western Prairies of the Dominion. Some of the corporations, either because of more careful discrimination or the good fortune of having advanced loans on lands which were less affected by adverse climatic conditions, appear to have enjoyed a higher percentage of collections than others on both interest and principal account. That does not, however, alter the fact that, viewed as a whole, the situation has given corporations more than the usual measure of concern.

That the situation has been much aggravated by the developments of the last three months of the year there can be no doubt. In spite of the effect of the drought experienced in certain sections of the country during the early months of the summer, later climatic conditions were so favorable that when harvesting operations began the West was assured of a crop that would exceed in quantity that of any previous year since 1915. These bright anticipations were, however, soon dissipated by intermittent spells of excessively hot and unusually wet weather, which, while it did not affect the quantity, resulted in a serious lowering of the grades of the crop through the development of either rust or sprouting.

Depreciation in Crop Values.

As a result of this serious depreciation in the average standard of grades, together with the general lower prices obtaining in the world's markets, the field crops of the three Prairie Provinces, notwithstanding the much larger yield, had an aggregate value of but \$479,527,000, compared with \$609,493,400 the lean year of 1920 and \$680,171,200 in 1919. This, compared with the two previous years, was a reduction of \$129,966,400 and \$200,644,200 respectively. And besides this marked decrease in value of field crops the farmers have been compelled to accept very much lower prices for live stock sold.

But decrease in gross revenue from field crops and live stock was not the only factor which diminished both the purchasing power of western farmers and their ability to meet payments maturing on mortgages. Probably the most serious among other factors was high cost of harvesting. Harvest hands, for example, demanded and were paid wages running from five to eight dollars a day, and comparatively rare were the instances in which the farmer was able to obtain labor at the minimum rate. Labor employed in the threshing operations was even more insistent, engineers, being strongly organized, refusing as a rule to accept less than twenty-five dollars a day. Authorities who have carefully investigated the situation estimated that the average threshing costs of the western farmers for the harvest of 1921 was ten cents a bushel on oats and 22 to 33 cents on wheat. When the fact is taken into consideration that, notwithstanding these high costs, the prices obtained for wheat when sold only averaged about 70c. to 80c. per bushel and for oats 13c. to 17c. one does not need the service of the professional economist to define the financial position of the western farmer as a result of his experiences from the harvest of 1921.

The farmers in Western Canada are not, however, in a more invidious position than those in the Western States of the American Union in respect to either harvesting costs or selling prices of product. Both are in the same boat. And as far as facilities for financing the crop, the position of

the Canadian farmer has been somewhat easier than that of his confreres south of the boundary line. In the United States, owing to the banking system being conducted by a number of small independent banks with correspondingly small capital, the situation there was rather serious until the Government War Finance Board came to the aid of these institutions with a supply of funds. In Western Canada, on the other hand, the local banks, being branches of large and strong institutions centred in Montreal, Toronto and Winnipeg, were never short of funds for crop marketing requirements. Taking, therefore, everything into account, unfortunate as the position of the farmers in Canadian West may be, it is on the whole rather better than that of those in the Western States. Still another, and a more definite advantage, and one that has greater potency in respect to powers of recuperation, is that the average productive capacity of the farm lands of Western Canada exceeds that of the lands lying south of the international boundary line by a bushel or two per acre.

Policy of Mortgagees.

While 1921 was the most critical year experienced for a decade, the general disposition of the loan and life insurance companies is to exercise as little pressure as possible upon the farmers in respect to the collection of money due on interest and principal.

"Our policy," remarked an executive officer of one corporation having a large amount of money invested on mortgages in the West, "is to give the farmers of the Prairie Provinces every possible chance to get upon their feet again, and are prepared to go even a little out of our way in order to assist them in doing so. Cloudy and all as the situation may be at present our faith in the future of the West is undiminished. In its Western Provinces Canada possesses a great heritage. The adverse conditions obtaining there today are due to the concurrent development of a number of unusual circumstances and not to impairment of their natural resources. The large yield of the last harvest should be sufficient to satisfy everyone as to that.

"That which is giving us the most concern at the moment is the situation in the southern section of the western provinces, where the series of dry seasons experienced have demonstrated parts of it are unsuitable for general farming and should have been reserved for ranching, for which that part of the country is admirably adapted. As mortgagees, it is there that lies the chief centre of our trouble in respect to collections. With mortgages held on lands north of the C. P. R., where fair to good crops are more regular, our difficulties in respect to collections are comparatively few. As you are no doubt aware, the seriousness of the situation in the southern dry sections of Alberta has led the Government of that province to appoint a commission to make a survey of them with a view to removing the farmers to lands upon which the raising of crops is more dependable. It is to be hoped that not only Alberta, but the other provinces similarly affected, will be able to work out a satisfactory plan for the realization of this object. But strange to say many of the farmers affected are urging that they be allowed at least another year to test the crop-raising possibilities of their land. Taking the West as a whole no one has stronger faith in its potential possibilities than the farmers now engaged in cultivating its soil, and our own agents advise us that an increased acreage was broken last fall in preparation for the crops of 1922. Taking as our basis the appreciation which has taken place in the value of the farm

lands over a period of years, we who have money invested in the West feel that our security has on the whole enhanced."

Investments in Farm Mortgages.

That the loan and life insurance corporations have a direct interest in the welfare of the agricultural industry of the country there can be no doubt, for aside altogether with the sentimental desire for its development which they share with Canadians as a whole, approximately 75 to 80 per cent. of the money they have invested in mortgages is upon farm lands. And as compared with city and town property the tendency is toward an increase in the ratio.

The exact amount of money invested in mortgages by Canadian financial corporations is not ascertainable. One authority consulted estimated the total at approximately \$300,000,000. According to a statement made at the annual meeting of the Dominion Mortgage and Investments Association in May last forty-two of the Ontario loan corporations had \$143,959,000 invested in mortgages at the end of December, 1920. And besides the large amounts invested by loan companies with headquarters in other provinces, there are also the investments of life insurance corporations, some of which are known to hold mortgages to the extent of \$20,000,000.

Outlook for 1922.

As far as 1922 is concerned the outlook is very much obscured at the moment. One thing, however, appears certain: corporations, while on the one hand keeping in view their own interests and on the other hand the general welfare and necessities of the Dominion, are evidently bent on exercising a closer discrimination than usual in dealing with applications for mortgage loans both in respect to farm lands and city and town property, while as far as Western Canada is concerned a relatively greater preference will be given lands which are operated under the mixed farming system, they naturally being less subject to the whims of climatic conditions.

But the situation is by no means being altogether governed by conditions obtaining in the agricultural industry. There are, as a matter of fact, many other factors to be taken into account. The most outstanding of these is the money situation.

Notwithstanding the downward tendency which has of late characterized the discount on sterling exchange, there is apparently little hope of loan corporations being able in the near future to obtain, as in pre-war times, funds by the sale of debentures in Great Britain. And the situation in respect to France is certainly better. Even were funds in these two countries available their cost would preclude their being profitably employed in Canada. This fact was distinctly brought home to Canadian loan corporations when in November last they had to make arrangements in London for re-financing debentures then falling due. As a matter of fact, British capitalists have at their own door ample opportunity for investing their surplus funds in high-class securities that will yield them a return of $6\frac{1}{4}$ per cent. or more. For Canadian loan corporations to float debentures in Great Britain is practically out of the question, meaning as it would, with commission of one per cent. and the discount obtaining on sterling exchange, an ultimate cost of approximately $8\frac{1}{4}$ to $8\frac{1}{2}$ per cent. In the early part of the year the corporation of London, England, had to pay as high as 7 per cent. for some of the money it obtained on new bond issues, and about the same time the Credit Foncier of Paris had to pay a similar rate, plus premiums, for an issue of long-term debentures. And not only have Canadian loan corporations been practically unable for some years to obtain their usual supply of funds from Europe, but British investors have withdrawn, because of the premium obtaining on Canadian funds in London, large sums invested in the debentures of Canadian loan corporations. It is estimated that up to the end of 1920 the amount so withdrawn aggregated \$14,500,000, or about 35 per cent. of the total amount they held in Canadian loan corporation debentures. Obviously, therefore, the European money

market is for the present as a dry well to the loan corporations of the Dominion.

Hope is being entertained that investors in the United States may ultimately be educated to turn their attention to debentures of Canadian loan corporations. But to cultivate that field to an extent that will be productive of substantial results will take considerable time. At present the Canadian securities in which the American investor is interested are Government and municipal bonds.

Loan Corporations and Savings Deposits.

In one respect the position of the loan corporations in Ontario is rather better than it was up to about a year ago. And that is in respect to obtaining deposits from the public, having been empowered by the Legislature to build up deposits to an amount equal to four times that of capital, reserve and cash, whereas previously the proportion was limited in amount to an equality with capital, reserve and cash. Notwithstanding the enormous increase which has taken place during the last few years in the savings of the Canadian public the proportion of the deposits made with loan and trust corporations, when compared with those made with chartered banks, have been gradually declining.

With the larger powers accorded, and the inauguration of a more aggressive educational campaign, loan corporations should be able to obtain a larger proportion of these savings. But on the other hand, with the recent venture of the Provincial Government of Ontario into the field of rural credit banks, with branches in ten of the leading cities of the province, an additional competitor for savings has been created.

Outlook for Loan Corporation Debentures.

As far as the sale of debentures of loan and trust corporations is concerned the outlook at the moment is not altogether promising. In the first place, as already pointed out, the markets of Great Britain and France are a negligible quantity for the time being. But that which may be accounted the greatest deterring influence of all is the psychological effect which the radical or class legislation of certain of the Canadian provinces has had upon the mind of investors both at home and abroad. This is particularly true of enactments by the legislatures of the Western Provinces, the effect of which in certain instances has been to curtail, and in some cases to destroy, the security upon which mortgages were based.

When addressing the Dominion Mortgage and Investments Association in May last, Hon. C. R. Mitchell, treasurer of Alberta, justified the action of the Western Provinces in respect to legislation of this kind by contending that it was enacted to meet the situation created by the adverse crop conditions of the previous four years. While this contention may in the opinion of the Western Legislatures be sufficient to justify their action, to the corporations holding mortgages and to the investors who held their debentures the legislation is in effect nothing short of an interference with vested right and a breach of contract.

As far as the defaulting municipalities in the West are concerned, some progress has been made during the year in awakening the respective Provincial Governments to the necessity of taking steps to protect the interests of bond holders affected, and within the last few weeks the Governments of Saskatchewan and British Columbia have publicly intimated that legislation will be enacted that is designed for the particular purpose of obviating in the future defaults by municipalities within their respective boundaries. Although the defaulting municipalities were, as compared with those who promptly met their payments, but a fractional part of the whole, their number was sufficient to weaken the credit of not only Western municipalities in general, but that of the Provinces as well.

With Ontario following the example of the Western Provinces in the establishing of rural credit systems for the specified purpose of providing loans to farmers at a low rate of interest, it naturally follows that the effect

will be to further decrease the attractiveness of loan and trust corporation debentures to investors both at home and abroad. As one official expressed it: "With the Ontario Government in the banking and loaning field, the tendency will be to further divert capital from the Dominion, for with the increase in this form of competition, it follows that monied men abroad who have hitherto been in the habit of investing in the debentures of Canadian loan and trust corporations will scarcely be as favorably disposed towards them as they formerly were."

Life insurance corporations, obtaining as they do the bulk of their funds from premiums, and not from the sale of debentures, are naturally less affected by the situation than the trust and loan corporations. But while during the last few years they have been able to furnish an increasing proportion of the funds required on mortgages, it is doubtful whether they will be in a position during 1922, owing to the general business and financial conditions obtaining in Canada, to increase their activities in this respect. It is quite possible, however, in view of the increased demand for loans on mortgage likely to be

experienced, that a still larger proportion of the business may fall to the insurance corporations.

Whatever the ultimate conditions obtaining in Canada during the new year may be in respect to the supply of funds for investment in mortgages, 1921 certainly closed with money tight and the corporations disposed to mark time pending the advent of a clearer atmosphere, as a result of which some companies refused to entertain applications for mortgages on even choice down-town Toronto property.

Although rates of interest promise to rule firm for some time it is the intention of the loan corporations to keep them down to as low a point as possible, and particularly in respect to mortgage loans on farm lands.

"In our judgment, and in that of other corporations," said an executive official of one concern, "the highest rate of interest farmers in the West should pay is eight per cent. That is of course where medium and large loans are entailed. As the preliminary costs in respect to loans for small amounts are just as high as in the case of large ones, it follows, of course, that a slightly higher rate than eight per cent. will have to be charged."

Year of Reaction for Stock Markets

**But Latter Months Showed the Commencement of Recuperation—
Feature of the Year Was Drastic Decline in Papers—Textiles Held
Firm—Conservative Stocks Were Steady, While Banks Gained Ground**

EIGHT months of reaction, characterized at times by sharp movement, and four months of spasmodic recuperation, describes in a sentence the experience of the Canadian stock markets last year. This action is the fourth of its kind in the past two decades, the three others being the slump of 1903, the famous financial panic of 1907, and the upheaval of 1914. It is hard to say which had been the most interesting, for all have had their peculiarities and things in common, but it is sufficient to say here that with the exception of 1914, they all agree on the point of recovery. It was about one year before stock prices began the upward trend after the 1907 panic, which was most severe.

Of course, the change in 1914 was exceptional, and cannot compare with the others. As a general rule the revival following depression is gradual, but then it was largely a case of getting over the first shock and reverting from a peace to a war-time business basis.

It was really in July, 1920, that the stock markets first started to discount the business depression through which we have just passed. During that month business on the exchanges was very dull, but this, of course, was attributed to summer quietness. When the big slump took place in August, however, the complexion of affairs had considerably altered.

But still, even in the face of the knowledge of the intensive inflation which had taken place, the delusion was prevalent that liquidation would be only a small matter, and would take but a short time to complete. This idea was encouraged by the movement of stocks both here and in New York, for in addition to the seeming absence of distinct bearish signs, the markets made spasmodic attempts at recovery. The months passed and it was not until November, when the big downward swing really started, that it was realized that security prices were to undergo severe readjustment.

On the Way Down

The bursting of the sugar bubble and its effect upon Atlantic Sugar at the end of 1920 really started the ball rolling. From that time it seemed as though scarcely a week passed without some announcement of a poor financial statement, the passing, or cutting of some dividend. These last-named factors, however, were not so common in Canada as across the line, where investors in preferred, as well as

common shares, not only lost their incomes, but were forced to witness a contraction in their principal of large dimensions.

Then came the Riordon disaster, which carried the whole market down sharply, paper stocks suffering the most. After such incidents as these, the market would invariably halt for a while, and in some cases recover a little, due perhaps to the fact that the sentiment of traders was out of proportion to what it really should have been.

This continually brought out reports, sometimes by prominent bankers and investment brokers, that prices were at the bottom, or nearly so. Of course, when subsequent events showed further declines of substantial proportions, the confidence of the speculative public was further undermined. The small man was particularly affected, often being shorn, and left without funds to take advantage of the new low levels. Thus, for several months the markets were characterized by unnerving uncertainty, with traders very distrustful and moving cautiously. All the while prices were moving downward, sometimes sharply, and at others slowly.

Recovery in the Fall

With the passing of the summer, however, came a change in business, slight though it was, and its consequent effect upon security prices. First there was the tendency to overlook individual bearish factors, and to concentrate on the good possibilities, and there were such things as the pause in the downward sweep of commodity prices, easy money rates, increased efficiency in labor, and a better understanding between employer and employee on the question of wage reductions, the picking up of the steel industry, one of the best barometers, and the prospects of a fairly good crop, to inspire confidence.

The early fall months saw the beginning of the upward trend, as signs of business improvement grew stronger. But the movement since that time has not been steady, but rather spasmodic, with slight reactions in between. Two things which contributed to a better feeling, perhaps more than anything else, for after all we usually look for guidance to our southerly neighbors, were the acceptance of lower wages by United States railroad employees, instead of a serious strike, and the increasing movement on the part of American manufacturers in the establishment of branch

plants in Canada. This was the renewal of the movement started before the depression.

The year's harvest, on the whole, was good, and in all probability the yield will show an increase of several million bushels over that of 1920, when the final figures are completed. But the real stimulating effect which the harvest should have had was absent, because of the serious decline in prices which cut into farmers' profits, and in a number of cases actually involved loss on the season's operations.

Utility Stocks

A good deal of attention was given during the year to utility securities. Companies engaged in this line of business were among the first to suffer from the rise of labor and commodity prices and adverse conditions arising from the war, and have given evidence in their earnings for the past few months that they are among the first to recover. This is, of course, due to the cut in labor and material prices in recent months.

In addition to this, power companies have suffered less from reduction of consumption of their output than many other lines of industry, because the basic fact in connection with power securities is that the product of the companies is almost a universal necessity, and the demand for it continues steadily through both prosperous and lean years. The following figures show the trend of five of the principal utility companies' stock:—

	Open Jan.	Close June.	Close Oct.	Close Nov.
Brazilian	34½	27	24¾	26¾
Detroit Rly...	89	65	65½	70
Toronto Rly..	63¾	71	69½	64
Quebec Rly...	21¾	24¼	24	24½
Winnipeg Rly.	40	33	38	36

It will be seen that prices were very irregular, and this was due largely to the individual interests. Toronto Railway for instance, fluctuated according to the speculations made in connection with the taking over of the company's property by the city. Detroit Railway was also affected by considerable talk concerning the possibility of civic competition. As a whole, however, utility securities on this continent command a better position than they had previously, with good prospects of further betterment.

Fall in Papers

Without a doubt, the feature of the year was the drop in the price of pulp and paper stocks. Two years ago when the pulp and paper industry was beginning to reach the height of its boom there were very few who could foresee the drastic slump which has taken place in this securities. Even the companies themselves were unable to see that far ahead, for most of them continued their ambitious programs of expansion.

At the beginning of 1921, when the trend of all stock prices were distinctly downward, and the decline in the paper group was temporarily delayed, due to the sentiment which then prevailed, there were some who believed these securities should not suffer declines as large as those anticipated in other stocks. The reasons advanced for such predictions were the secure market for pulp and paper, the immense resources of this country, the shortage in other countries, especially in the United States, and the strong business and financial position of the Canadian companies represented on the stock exchanges.

The confidence of investors was somewhat shaken, however, after one or two things came to pass. First came the stagnation of the market for pulp and paper, then the cut in prices, strikes at many of the mills and increasing competition from abroad. All these things made pulp and paper securities less desirable to hold, and the sentiment concerning the strength of the business and financial position of the companies was not improved by the condition into which the Riordon Company ran, and the inability of two of the newer organizations to meet their obligations.

As a consequence of all this prices were carried to extremely low levels, as compared with 1919 and 1920. The following figures will illustrate the trend of several of the most important stocks since the beginning of 1921:—

	Open Jan.	Close June.	Close Oct.	Close Nov.
Abitibi	55¾	25½	32	31¾
Brompton ...	53	23¾	25	25
Laurentide ..	94	75¾	78¾	76½
Price Bros. ..	250	30	38	35
Riordon	135½	13	5	6
Spanish River	87¾	50	68½	65

In taking the decline in Price Bros., the five to one split must be taken into consideration. It will be seen that some fairly good recoveries were made in the fall. The biggest declines were in Abitibi, Brompton and Riordon, all three of which suspended their dividends. The Wayagamack company also deferred payment.

Steel stocks suffered a big setback during the year, due to the conditions which prevailed in the industry, not only here but all over the world. Production was at low ebb during the greater part of the year. The movement of the two principal stocks, Dominion and Nova Scotia Steel, was influenced to a considerable degree by the formation of the British Empire Steel-Corporation. The securities of the merged enterprises were listed on the exchanges about July, and for the most part moved around 8 and 9, that is the common stock. Steel Company of Canada dropped from 62¾ at the beginning of the year to 48 in June, but before the year was out the loss had been more than regained.

Textiles are outstanding because of their apparent disregard of the general trend of the market. Some ground was lost by one or two of the companies, but the position as a whole indicates strength and stability. It might be interesting to note the trend of four of the principal concerns:—

	Jan. Open.	Close June.	Oct. Close.	Nov. Close.
Can. Cottons	76	67	80	82
Dominion Textile.	107	126	138	140
Montreal Cottons.	75	80	80	76½
Wabasso	46	41¾	48	51

Conservative Securities

There are some stocks on the exchanges which are known as conservative securities, that is those which are noted for their steadiness and their investment possibilities. Looking over the list shows why it is that these are so-called, for the record in the past year has been good, although some have suffered. The following figures are illustrative:—

Preferred.	Jan. Open.	Close June.	Close Oct.	Close Nov.
Canada Cement..	90	84	87	89
Steel of Can.....	89½	86	90½	91
Can. Steamships..	73	45¾	54½	52½
Mackay Cos.....	65	60	61	63
Maple Leaf	145	95	95½	97
Common.				
Bell Telephone ..	100	103	104	106
Can. Gen. Electric	100	105½	95	95½
Can. Pacific	140	122½	124	132¼
Consumers Gas ..	127	132	136½	142

At the end of September last the return to the investor on most of these was considerably above what it was, say, three years previous. Bank stocks, which may also be termed conservative securities, closed stronger.

While speaking of banks, it is perhaps opportune to speak of the relation of call loans to the stock market. In times like we have just passed through, easiness of money is a secondary factor to the market, but still it is worth noticing, and Wall Street seems to be the best index. Between July, 1919, and August, 1921, there was a decline in brokers' loans from \$1,750,000,000 to \$500,000,000. There was a decrease in Canada, but not quite so severe. These facts will explain why it was that call rates fell as low as 4½ per cent., in New York. It was only natural that there should have been a decline in call loans, in view of the great impairment in security values.

For the first time since June, 1919, there was a turn-over of shares of the Mexican Light and Power Company on the Toronto exchange in September last. The number of shares changing hands was identical with that two years ago, namely, twenty-five, but there has been a big depreciation in price, the present value being 7, as compared with 48 in 1919.

MONETARY TIMES' ANNUAL STOCK EXCHANGE RECORD

MONTREAL STOCK EXCHANGE—Prices and Sales in 1921

	Abtibi			GENERAL			Ames-Holden-McCreedy			Asbestos Corporation		
	Common		Sales.	Preferred		Sales.	Common		Sales.	Common		Preferred
	High.	Low.		High.	Low.		High.	Low.		High.	Low.	
January ..	58	52½	9,002	89	85	130	25	20	395	82½	77	500
February ..	54	33	46,327	89	87	25	24	24	1	81	74½	457
March ..	44½	35½	28,425	87	84½	42	..	..	..	78½	72½	984
April ..	40	30	13,532	86	85	111	15	15	130	73½	67	1,712
May ..	37½	32	9,279	87	85	190	15	16	15	64	58	1,318
June ..	36½	22	18,327	85	83	60	..	..	..	60	59½	650
July ..	28	24	5,656	..	..	..	..	..	..	48	45	620
August ..	32	26½	9,109	85	85	10	15½	15	106	48½	36	1,627
September ..	31½	26	6,705	85	85	275	..	..	..	48	40	1,827
October ..	33½	29½	7,758	85	83½	123	..	..	..	62½	42½	2,892
November ..	33%	30%	2,934	85	86	20	..	..	..	61	56	1,429

GENERAL—Continued

	Atlantic Sugar			Bell Telephone			Brazilian			British Columbia		
	Common		Sales.	Preferred		Sales.	Common		Sales.	Common		Preferred
	High.	Low.		High.	Low.		High.	Low.		High.	Low.	
January ..	33½	20½	16,136	..	..	..	112	99½	1,216	44½	39	330
February ..	33½	25½	11,636	34	34	50	109	105	619	46	40	316
March ..	33½	29½	6,895	..	..	..	108	103	431	42	40	245
April ..	32½	28	5,789	..	..	..	108	103	1,461	41	39½	235
May ..	33	29	6,212	..	..	..	106½	103	2,623	38½	38	165
June ..	30½	23	3,815	38	38	50	103	101	1,331	38½	85	65
July ..	28	23½	1,599	..	..	..	104½	103	1,079	33½	31	230
August ..	28	24	3,551	..	..	..	105½	103	886	30	20	360
September ..	30½	24½	9,524	..	..	..	106½	104½	444	21	18½	220
October ..	32	28	10,824	..	..	..	106	104	351	22	20	277
November ..	33%	30%	18,488	..	..	..	106	103	783	25	20½	290

GENERAL—Continued

	British Empire Steel			Brompton			Canada Cement		
	Common		Sales.	1st Preferred		Sales.	Common		Preferred
	High.	Low.		High.	Low.		High.	Low.	
January ..	..	..	..	..	..	..	66½	66½	5,507
February ..	..	..	..	..	..	..	62	66½	6,706
March ..	..	..	..	..	..	..	61	58	4,626
April ..	..	..	..	..	..	..	69½	66	2,538
May ..	9½	8½	522	..	..	..	66½	60½	6,642
June ..	9½	8	1,815	..	..	..	54	46½	6,490
July ..	9½	8	614	..	..	..	62	48½	1,460
August ..	12½	8½	1,611	66	66	250	52	48	1,485
September ..	10½	9	462	56	66	..	66½	60	1,460
October ..	10	8	976	62½	56	222	59½	55	1,591
November ..	10	8	1,356	60	58	334	67½	66½	1,408

GENERAL—Continued

	Canada Steamship Lines, Limited			Voting Trust			Canadian Car and Foundry		
	Common		Sales.	Preferred		Sales.	Common		Preferred
	High.	Low.		High.	Low.		High.	Low.	
January ..	60½	46½	4,657	74	68	1,301	43	31	1,859
February ..	46	28	20,699	71½	66	2,551	39	30	246
March ..	32	28	3,267	67½	64½	1,011	37	31	16,184
April ..	30	19	7,000	65	38	7,061	37	30	495
May ..	27	21	4,361	68	40	6,704	30	30	190
June ..	23½	17	2,118	66	43	2,789	..	..	..
July ..	20	18½	300	49	44½	742	26½	26	80
August ..	22½	19	867	56	49	2,730	26½	26½	25
September ..	21	18½	585	56	60	1,832	25	20	50
October ..	20½	18½	524	56	50	4,127	20	16	736
November ..	19	17½	646	55	51½	2,760	22½	19	880

GENERAL—Continued

	Canadian Converters			Canadian Cottons, Limited			Canadian Fairbanks-Morse		
	Common		Sales.	Common		Sales.	Common		Sales.
	High.	Low.		High.	Low.		High.	Low.	
January ..	66	69	614	77	73	575	67½	65½	106
February ..	66	60	167	80	78	208	..	..	..
March ..	60	68	161	77	77	60	..	..	..
April ..	64	68	473	75	68	213	..	..	..
May ..	70	61	367	72	68	382	..	..	..
June ..	67	69½	382	71	70	110	..	..	..
July ..	63½	60	111	67	67	6	..	..	..
August ..	66	60	234	65	63½	270	..	..	..
September ..	67	62½	686	77	62½	677	..	..	..
October ..	74	67½	468	80	74	1,050	..	..	..
November ..	73	69½	706	86	80	420	..	..	..

GENERAL—Continued

	Canadian Locomotive			Canadian Pacific			Carriage Factories		
	Common		Sales.	Common		Sales.	Common		Sales.
	High.	Low.		High.	Low.		High.	Low.	
January ..	..	..	..	85	83	12	20	12	166
February ..	..	..	..	89	82½	30	..	..	..
March ..	..	..	..	..	..	..	..	..	..
April ..	..	..	..	84½	84½	10	..	..	..
May ..	74½	74½	20	..	..	..	66	66	10
June ..	..	..	..	129½	129½	28	..	..	..
July ..	..	..	..	128	118½	61	..	..	..
August ..	..	..	..	128	124½	19	..	..	..
September ..	..	..	..	126	126½	45	9	9	26
October ..	..	..	..	126	121½	66	9	9	16
November ..	..	..	..	125½	126	74	8½	8½	6

GENERAL—Continued

	Cona. Mining & Smelting Co.			Detroit United			Dominion Bridge		
	Common		Sales.	Common		Sales.	Common		Sales.
	High.	Low.		High.	Low.		High.	Low.	
January ..	21	17½	3,790	91	88	891	92	86	981
February ..	21	18	1,707	96	86	863	90	89	739
March ..	19	16½	1,778	86	80	1,740	84	78	470
April ..	16½	16	5,142	80½	71	3,871	80½	70	1,110
May ..	17	16	1,797	84½	74	2,861	84	69	776
June ..	16½	12½	2,737	79	63½	1,969	75	64	1,805
July ..	14	13	644	64	58	444	71	66½	573
August ..	16	14	805	60	60	1,723	69	61½	1,062
September ..	16	14½	804	69½	60	2,736	70	62	604
October ..	19½	16½	3,257	77	69	8,263	81	69	2,230
November ..	19½	18	2,005	72	66	4,663	79	78	986

GENERAL—Continued

	Dominion Cannery			City of Montreal		
	Common		Sales.	Common		Sales.
	High.	Low.		High.	Low.	
January ..	45	34	4,090	80	80	10
February ..	41½	30	1,322	..	..	..
March ..	31	25	1,470	80	73½	88
April ..	29	25	622	79	79	23
May ..	25	24	10	78½	78½	30
June ..	25	19	1,351	80	80	16
July ..	22	20	570	..	..	..
August ..	25	22½	769	..	..	..
September ..	27½	23½	735	..	..	..
October ..	30	26	1,020	..	..	..
November ..	27	26	170	..	..	..

MONTREAL STOCK EXCHANGE—Prices and Sales in 1921

GENERAL—Continued

	Dominion Coal			Dominion Glass			Dominion Iron and Steel Co.			Dominion Steel Corporation		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	78	63½	283	64½	56	905	82	77½	305	48½	42	5,294
February	79	77½	80	62	69½	668	83	80	246	48½	41½	5,089
March	78	77½	35	59	66	1,305	84	82	220	46	37	14,112
April	78	76	71	55	52	206	82	80	111	43½	34	6,838
May	77	76	6	60	50	1,140	82	81	209	38½	30½	12,899
June	74	74	6	57	52	309	82	81	96	32	22½	6,329
July	66½	66½	5	55½	52	205	82½	80½	90	28½	23	1,384
August	67½	67	95	55½	53	620	83½	82½	271	29	26½	2,416
September	67	66	413	57½	53½	1,800	85	82½	133	28½	25½	1,665
October	75	75	180	63½	56½	6,778	86½	85	61	36½	24	1,434
November	74	74	25	62	61	1,485	88½	86	282	27½	23½	856

GENERAL—Continued

	Dominion Textile			Goodwins, Limited			Hillcrest Collieries		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	111	103½	1,381	94	89½	36	64	62	70
February	112	106½	2,097	96½	94	96	..	..	..
March	122½	109½	2,627	98	95	173	60	60	6
April	120	117	1,589	100	100	14	..	..	..
May	138	118	3,846	101½	100	30	..	..	..
June	137	123	2,814	103	102	60	..	..	..
July	127½	125	431	102½	102	183	60	60	25
August	135	128	446	102	102	89	60	60	10
September	140	131	1,703	103	102	56	55	65	100
October	138	135	916	..	..	..	..	..	..
November	141	137½	1,177	105	104	80	66	60	977

GENERAL—Continued

	Howard Smith Paper Mills			Illinois Traction			Intercolonial Coal		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	110	100	282	92	91	280	..	..	..
February	110	87½	1,294	92½	91	95	..	..	..
March	100	87	1,560	90	87	42	45	45	4
April	90	80	2,519	87	78	81	..	..	..
May	84	80	1,171	80	77	347	..	..	..
June	77	66	1,268	73	68	275	..	..	..
July	70	66	1,531	69	65½	118	60	60	60
August	69½	65	463	68	64	278	..	..	..
September	72	69	610	70	66	64	..	..	..
October	77½	68	600	77	68	526	..	..	..
November	80	77	192	88	78	530	..	..	..

GENERAL—Continued

	Kaministiquia Power			Lako of the Woods Milling Co.			Laurentide Co.			Lynn Construction Co.			Mackay Companies		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	93	87	104	155	136	727	94	94	2	76	47½	4,639	..	..	..
February	92½	90½	60	155	149	329	98½	10	10	74	64	773	62½	62½	100
March	90	88	36	148	147	337	101	100	15	69½	67	645	62½	63½	175
April	92	91	27	148	139	180	103½	103½	10	65½	63	125	62½	62	140
May	..	..	..	140	135	122	103	101½	26	71	61	982	..	..	..
June	88	86	20	135	132	279	103	101	26	65½	60	150	..	..	..
July	86	85	24	134	127½	396	..	..	..	60	60	35	62	62	25
August	80	80	3	136	132	193	104	103	12	61½	60	265	..	..	..
September	80	80	15	134	127½	255	104	104	6	67	58	1,258	62½	62½	40
October	81½	80	165	139	135	219	..	..	..	68	62	1,345	..	..	..
November	82	80	21	147½	142	1,140	103½	103½	60	70	62	6,380	61	61	25

GENERAL—Continued

	Maple Leaf Milling Co.			Montreal Cottonsac, Limited			Montreal L. H. & Power			Montreal Loan and Mortgage			Montreal Telegraph		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	95½	96½	10	85	75	40	91	90	33	..	..	..	111½	110	99
February	..	..	..	75	70	190	84½	81	4,539	166	165	2	114	110	103
March	..	..	..	78	72	243	98	91	26	..	..	..	112	113	86
April	..	..	..	77	76	30	98	96	182	..	..	..	112	44	225
May	..	..	..	80	78	85	97	96	85	..	..	..	45	43	316
June	96	96	100	80	78	230	96½	95½	144	..	..	..	45	44	10
July	..	..	..	78½	78	41	97½	97	66	..	..	..	45	44	17
August	..	..	..	..	..	..	98	97	16	..	..	..	45	44½	23
September	96½	95½	60	75	73	37	98½	96	16	33½	33	309	..	..	..
October	95½	95½	60	..	..	..	99	98	100	38	35	6	..	..	..
November	96½	95½	50	80	76½	99	104	100½	204	..	..	..	45	44	86

GENERAL—Continued

	Montreal Tramways			National Breweries \$100			Nova Scotia Steel and Coal Co.			Ogilvie Flour Mills Co.		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	135	125	110	66½	43½	31,790	..	..	..	207	180	155
February	143	135	395	63½	49	13,638	88	80	27	214	200	563
March	..	..	..	49½	36½	43,692	90	90	30	205	199	130
April	142	140	35	44½	36½	16,401	90*	90*	6	205	201*	147
May	..	..	..	57½	42½	62,034	..	..	..	204	200	137
June	135	135	10	56	44½	17,387	..	..	..	204	195	135
July	125	125	5	54½	48½	9,953	..	..	..	196	183½	144
August	125	105	142	54½	46½	8,653	89½	89½	13	185	170	132
September	125	125	40	56½	50½	16,643	..	..	..	175	165	144
October	140	130	1,095	57½	52	28,143	..	..	..	158	165	790
November	140	134	1,126	58½	56½	30,411	90	90	15	195	183	411

GENERAL—Continued

	Ontario Steel Products			Ottawa L. H. & P.			Penmans, Limited			Porto Rico		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	70	58	415	..	..	..	100	95	282	57	75	92
February	67	66	80	88	83	5	103	93	372	81	81	10
March	66	63	115	..	..	..	103	95	693	95	79	85
April	67	62½	195	..	..	..	101	97½	109	85	82*	72
May	60	51	260	..	..	..	103	94	370	85	80	46
June	48½	32	2,374	86	85	35	100	95	313	53	52	58
July	48½	40	955	..	..	..	93	92	60	52	52	69
August	50	42	900	80	80	45	95	95	155	53	53	5
September	54½	50	1,540	..	..	..	100	91	325	..	..	..
October	55	46	1,420	..	..	..	100	93	76	53	53	6
November	45½	39	695	84½	84½	10	104	93	125	54	53	47

MONTREAL STOCK EXCHANGE—Prices and Sales in 1921

	Price Bros.			GENERAL—Continued			Quebec Railway			Riordon Pulp & Paper Co.		
	Common, Old.			Common, New.			L. H. & P. Co.			Common		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	252	250	90	..	..	..	90	90	10	160	128½	6,734
February	248	248	25	..	..	..	99	94½	95	148	124½	1,845
March	210	210	73	..	..	..	95½	95½	20	129½	104	3,349
April	202°	202°	1	42¼	37½	750	..	..	..	110	21½	24,302
May	..	..	..	38	36	2,405	90°	90°	4	27	15	11,993
June	..	..	..	37	29½	1,746	..	..	..	18	7½	4,124
July	..	..	..	32	29½	460	..	..	..	13	4	5,892
August	..	..	..	30	24½	668	..	..	..	4	2	1,525
September	..	..	..	29	26	920	..	..	..	4	2	720
October	..	..	..	38	28	926	..	..	..	8	3	1,940
November	..	..	..	38	35	1,185	..	..	..	7½	5	2,182

	Russell Motor Car			GENERAL—Continued			St. Lawrence Flour Mills			St. Maurice Paper			Sawyer-Massey		
	Common			Preferred			Common			Common			Common		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	..	..	..	..	..	..	75	61	891	90	85	36	121	120	250
February	..	..	..	..	..	..	73½	68	125	88	88	25	119	95	536
March	..	..	..	..	..	..	65	65	10	88	88	35	100	96	90
April	..	..	..	..	..	..	57	50	235	..	..	..	106	105	25
May	..	..	..	..	..	..	51½	51	85	85	85	25	99	95	115
June	..	..	..	..	..	..	51½	49	345	..	..	..	98	98	100
July	..	..	..	..	..	..	50½	48½	195	..	..	..	..	..	..
August	..	..	..	..	..	..	62	60	381	..	..	..	95	83	255
September	..	..	..	..	..	..	51½	61	60	..	..	..	92	80	66
October	..	..	..	..	..	..	69	67	267	..	..	..	92	495	..
November	..	..	..	..	..	..	68	62	230	95	95	10	98	83	..

	Shawinigan W. & P. Co.			Sherwin-Williams Co.			GENERAL—Continued			Spanish River Pulp & Paper Co.			Voucher		
	Common			Common			Preferred			Preferred			Common		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	109½	104	3,134	88	85	25	90	87	13	89½	81	10,526	95	90	11,317
February	107½	105	2,599	85	72	216	91½	90	67	82½	71½	13,202	91	83	9,252
March	106	103½	1,236	85	82½	165	95	94	68	78½	69½	10,564	87	79½	7,573
April	105½	102	1,760	85	80	76	95	90	77	75	67½	11,155	84	72	7,371
May	109	103½	3,013	90	80	105	92	88	23	78½	70	4,476	81½	76½	3,382
June	108½	100	2,537	80	80	6	92	92	5	70	44	14,200	78½	51½	15,831
July	103	100	2,169	85	85	10	92	92	5	56	46½	5,165	62	55	7,388
August	104½	101½	1,283	..	..	..	94	90	14	57½	48½	3,320	66½	56½	9,053
September	103½	102	749	..	..	..	90	89	26	58	50	1,261	69	66½	6,964
October	106½	103	2,228	..	..	..	..	..	..	70	55	3,037	77½	65½	7,092
November	109	104	1,849	80	80	10	90	88	160	69	64	2,371	79	72½	3,342

	Steel Company of Canada			GENERAL—Continued			Tooke Bros.			Toronto Railway			High. Low. Sales.		
	Common			Preferred			Common			Preferred			Common		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	64	59½	3,232	91	85	378	57	60	80	75	75	45	69½	59½	3,846
February	63½	61	2,441	93½	92	245	50	50	95	..	..	..	73½	67	3,127
March	61½	56½	4,689	93	92	212	..	..	..	..	..	..	69	65½	891
April	61	56½	3,482	92½	90	284	50	46	130	70	65	11	71½	66	2,160
May	60	66	3,426	90½	88	126	45	43	25	..	..	..	72	68½	772
June	57	42½	9,742	90	86	125	45	43	20	..	..	..	80	69½	6,806
July	49	45½	1,132	89	87	92	..	..	..	..	..	..	75	68½	943
August	51½	44½	3,171	89½	89	113	..	..	..	..	..	..	73	68½	1,134
September	58½	46½	5,578	90	89	46	27½	37½	1	..	..	..	74	68½	1,850
October	65	66	7,226	93	90	167	..	..	..	..	..	..	73½	68½	1,346
November	65	60½	7,432	91½	90½	134	..	..	..	70	65	60	69	61	946

	Tuckett Tobacco Co.			GENERAL—Continued			Twin City			Wabasso Cotton			Wayagamack		
	Common			Preferred			Common			Common			Common		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	48½	41	350	..	..	..	44½	44½	10	48	42½	107	89	75	2,548
February	62	48	360	..	..	..	47	46½	70	50	43	47	83	73	2,050
March	50	50	5	..	..	..	46	45½	75	50	46	212	74	64½	2,231
April	..	..	..	..	..	..	52	50	160	50	45	168	70	64½	4,089
May	44	40	190	..	..	..	..	..	..	45½	42	569	71	65	2,180
June	39	35	250	..	..	..	..	..	..	43	41½	128	67½	46	6,537
July	35	32	70	82	78½	21	..	..	..	41	41	25	47	36½	5,526
August	40	34	183	..	..	..	..	..	..	45	40	75	42½	27	5,114
September	40	40	5	75	75	40	..	..	..	46	44½	285	44½	33½	1,470
October	..	..	..	..	..	..	40½	36½	45	47½	45	529	47½	11	1,720
November	..	..	..	..	..	..	..	..	..	51	47½	185	47	40½	1,420

	Western Groceries			GENERAL—Continued			Winnipeg Electric			Woods Mfg. Co.			BANKS		
	Common			Preferred			Common			Preferred			Commerce		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	25	20	480	145	120	289	40½	39	1,321	..	..	..	200	181	536
February	26½	24	381	..	..	..	48	39	5,591	..	..	..	190	186½	166
March	24½	21	429	80	80	25	44	41	500	80	77	60	190	185	182
April	22	15	650	..	..	..	43	39½	1,466	76½	76½	37	187	182	310
May	18½	17	170	80	80	10	41	39½	1,246	..	..	..	187	184	116
June	17	15	235	80	80	16	40	33	225	..	..	..	185	183	170
July	15	13½	115	..	..	..	32½	31½	288	..	..	..	185	184	79
August	14	11	255	..	..	..	35	30½	1,106	..	..	..	187	184	253
September	16	11	982	..	..	..	35	30½	2,425	65	65	41	187	185	189
October	15½	13½	390	75	75	30	39½	36½	1,635	65	63	38	187	186	220
November	14	12	928	75	75	6	38	35	537	67	65	60	189	184	183

	BANKS—Continued																	
	Hochelaga			Merchant			Molson			Montreal			Nationale			Nova Scotia		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	163	151	128	182	168	703	174	169	245	212	196	532	174	165	230	260	250	149
February	166	151	32	179	174	313	180	179½	67	210	205	502	170	165½	41	261	260	82
March	165	151	107	180	174	420	180	179	103	207½	203	328	..	..	..	261	256	175
April	152½°	152°	14	179	169½	393	180°	177	102	210	202½	62	180°	177°	3	257	255	131
May	156	152½°	87	175	171	296	178	176	50	208	203	145	180	177½	3	255	253½	205
June	156½	150	265	176	170	427	177	174	84	208	199	9	174¾	174	8	254	251	105
July	152	150	53	175	170	330	155	174	46	208½	198	616	..	..	..	251	250	196
August	153	160	24	171¾	164	368	175	174	49	207	202	217	67	167	2	252	251	125
September	151	150	36	170	165	258	174	173	29	210	204	267	..	..	..	251	247	51
October	152	150	285	170	163	428	178	173	32	212	208	414	170	170	2	252½	250	80
November	150	150	34	171	162	624	179	176	15	208	206	808	160	160	20	255½	250	56

MONTREAL STOCK EXCHANGE—Prices and Sales in 1921

	Royal			Standard			Toronto			Union			Bell Telephone		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	205	193½	789	201½	201½	2	182	182	3	169	142½	334			
February	203	200	523							169	157½	120			
March	202½	200	463							158	155	285			
April	202	200	425				179½	179½	10	155½	153	102			
May	204½	201	257							154	151	144			
June	203	197½	734				179	177	4	161	148	250			
July	199½	198	435							148	147	68			
August	200½	197	274				182½	182½	2	148	142½	38			
September	199	194½	389				188½	188½	3	146	144	92			
October	201	196½	602	204½	202½	20	190½	190½	2	145½	144	181			
November	204	199	351				189	187	114	144	140½	172			

BONDS

	Ames-Holden-McCreedy			Asbestos Corp.			Bell Telephones			Canada Cement			Can. Car & Foundry			Canadian Consolidated Rubber		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January				78½	77½	\$20,500	92	81½	\$12,000	93	91½	\$4,200				90	88	\$15,000
February				80	79	14,700	92½	92½	4,000	94	93	5,100	88	88	100	90	90	9,000
March				96*	78½	4,950	93	92½	4,500	94	93	8,000	88	88	100	90	89	2,900
April				100*	78	1,025	93½	92	16,500	92	91½	3,000	90	80	4,000	89	88	5,000
May				100*	77½	550	93	92	20,000	93½	91½	6,200	90	90	2,000	88½	88	12,000
June				79	77½	10,300	92½	92	5,000	92½	89	3,100	90	89½	1,200	88	86	1,000
July				93	92	10,600	92½	92½	10,500	92½	92½	7,000	92	92	7,000	86	84	5,000
August				100*	73*	1,700	92	91½	27,000	93½	92½	5,400				85	85	3,000
September				92	92	5,000	92½	92	5,000	92½	92	14,500	93½	92	7,000	86	85	2,500
October				75	73½	16,600	93½	91½	20,500	93	92½	4,000				86	86	1,000
November				78	74	43,200	93½	92	14,000	93½	93	1,200	92	92	1,100	88	87	2,000

BONDS—Continued

	Canadian Converters			Canadian Cottons			Canadian Felt			Canadian Locomotive			Calgary Power			Cedar Rapids		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January				78½	78½	\$25,000										88	86	\$162,400
February				79	78	2,500										87½	86½	60,300
March				78	78	1,000										88½	87	20,600
April				76½	78	1,500	88	88	1,500	82	82	\$400				89½	87½	69,700
May				79	78½	2,500										89½	88	53,800
June				79	79	1,000										86½	88	2,000
July				77	77	2,000										92	89½	7,200
August				79½	79½	1,000										91½	89½	6,500
September				79½	79½	1,000										91½	90½	9,500
October				79½	79½	1,000										91½	90½	35,500
November				79½	79½	1,000										96½	90½	44,100

BONDS—Continued

	Canada Steamships Deb.			Dec. 1922			City of Montreal Sept. 1923			May 1923			Dominion Cannery			Dominion Coal		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	69½	69½	\$1,500	106½	96½	\$6,000	98	98	\$3,500	106½	103	\$7,200	86	86	\$500	87	86	9,000
February	71	70½	14,000	107½	105½	5,900	99½	99	8,000	107	105½	2,100				87	86	5,500
March	68	67	27,000	108½	103	26,100	99½	97½	3,700	104	103	1,200				87½	87	1,500
April	67	65½	2,300	109½	104½	31,100	99½	98½	14,400	107	104	19,500				90	90	2,000
May	67	66½	2,000	107½	104	47,900	99½	98½	600	106	104	3,800	86½	86	2,000			
June				107½	106	2,200	99	99	700	106½	106	2,000				90	89	6,000
July	65	65	500	109	106	2,400	99½	99½	2,000	108	106	2,500				90	90	1,000
August	65½	62	8,000	108	104½	5,400	99	99	1,000	105	104	2,200				90	90	1,000
September	67	65	16,500				100	99	4,100	108	105½	1,500						
October				107	107	4,000	99½	99	6,500	107	104	5,100	87½	87½	4,000	96	90	1,000
November				107½	105	3,000	99½	99	3,000	107	105	1,800	87½	87½	2,000	90	90	4,000

BONDS—Continued

	Dominion Cotton			Dominion Glass			Dominion Iron and Steel			Dominion of Canada—War Loans 1925			1931			1937		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	96½	96	\$3,500				78½	75	\$5,000	95½	81½	\$65,600	94½	90½	\$167,900	96½	94	\$132,250
February	96½	86	8,000				82	79½	3,000	95½	93½	130,900	95	93	38,900	98	96½	122,350
March	96½	96½	4,000				81½	81	49,000	95½	94	92,200	93½	92½	44,600	98	97	414,400
April							81½	80	26,000	95½	94	139,800	93½	92½	126,900	97½	95	213,050
May	98½	97½	46,000				80½	77½	71,000	95½	94½	101,000	92½	92	73,500	97½	96	145,500
June	98½	97½	5,000				78	77	47,000	95½	94½	83,500	93½	92½	81,700	97½	96½	163,200
July	98	97½	5,500				80½	77½	26,000	95½	94½	78,500	93½	92½	65,600	97½	96½	75,900
August	98	96	11,000				82½	80½	14,000	95½	94½	65,900	93½	92½	62,200	97½	96½	109,000
September	98	97½	11,000				82	80½	7,000	95½	94½	104,500	92½	91½	85,700	97½	96½	170,450
October	93½	97½	21,000				83	81	11,000	95½	94½	112,400	92½	92	143,700	97½	97	92,350
November	98½	97½	25,000	99½	99½	1,000	81	81	1,000	96½	95½	80,900	96½	92½	125,200	102½	97½	219,400

BONDS—Continued

	1922			1923			1927			1933			1937			1924		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
Jan.	99½	96½	\$786,550	99	95½	\$860,700	99	95	\$141,550	98½	94½	\$2,454,600	100	97	\$609,750	97½	93½	\$426,250
Feb.	98½	98½	629,460	99	97½	413,450	99½	97	178,050	99½	98	868,350	100	99½	1,372,350	97	96	460,200
March	98½	98	407,900	98½	97	623,350	98	97	175,400	99	97½	921,600	100	99	588,300	97	96	553,350
April	99	98	725,760	98½	97	324,700	98½	97	212,600	98	96	1,116,600	99½	98	712,050	96½	96	325,750
May	99.50	98.00	477,150	98.65	97.50	776,100	98.50	97.25	179,400	98.25	96.30	1,556,500	99.90	98.75	957,180	97½	96	345,000
June	99.50	98.25	749,300	98.75	97.75	640,100	98.75	97.00	171,500	98.00	96.50	1,163,900	99.80	98.00	841,100	96.50	96.00	310,600
July	99.15	98.90	447,350	98.65	97.75	354,400	98.50	97.60	128,000	98.00	96.75	1,084,900	99.60	98.70	800,350	96.00	96.50	257,800
August	99.35	98.50	691,650	98.30	97.35	466,650	98.25	97.00	72,650	98.00	97.30	1,048,050	99.50	98.70	416,000	97.25	96.00	141,200
Sept.	99.05	98.50	604,750	98.25	97.10	366,750	98.00	97.00	198,500	97.80	97.25	839,500	99.15	98.75	429,150	96.93	96.00	219,450
Oct.	99.20	98.80	623,850	98.40	97.85	270,200	97.50	96.00	128,450	97.75	97.30	761,750	99.20	98.80	531,400	97.30	96.40	231,000
Nov.	99.75	99.05	569,850	99.25	98.05	437,600	100.00	97.00	249,650	101.80	97.60	2,036,550	104.00	99.00	487,900	98.50	97.00	345,200

BONDS—Continued

	1934			A.			B.			C.			D.	
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MONTREAL STOCK EXCHANGE—Prices and Sales in 1921

BONDS—Continued

Lake of the Woods Milling Co.				Lyall Construction Company				Montreal Power				Montreal Light Heat and Power				Montreal Street Railway				Montreal Tramways			
High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.			
January	95½	96½	\$1,000	82	82	\$300	90½	90	2,000	93½	93	2,000	93½	93½	1,000	82	82½	5,000	84	84	1,000		
February	..	..	..	..	..	..	90	88½	4,000	..	..	..	93½	94	1,000	84	84	17,000	84½	84½	2,000		
March	..	..	..	..	..	..	90	90	2,000	..	..	..	94	94	1,000	84½	84	14,000	84	84	600		
April	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
May	98	98	2,000	80	80	600	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
June	98	98	2,000	80	80	600	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
July	..	..	..	79	79	6,000	89	89	6,000	..	..	..	..	..	..	..	..	..	..	..	..		
August	..	..	..	79	79	5,000	89	89	1,000	..	..	..	..	..	..	..	..	..	..	..	..		
September	98	98	2,000	..	..	..	..	..	..	..	..	..	97½	97½	10,000	84	84	500	..	..	..		
October	98½	98	3,000	70	68	27,600	..	..	..	88	88	1,000	96½	96½	1,000	81½	81½	1,000	..	..	..		
November	99	99	2,000	77	72	64,800	..	..	..	..	..	..	96½	96½	1,000	81½	81½	1,000	..	..	..		
Montreal Tram. Debenture				National Breweries Ltd.				Nova Scotia Steel & Coal Co.				A. Ogilvie Flour				B. Ogilvie Flour				C. Ogilvie Flour			
High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.			
January	65½	63½	\$44,300	92½	92½	\$5,000	69½	69½	\$1,000	92½	92½	\$1,000	93½	93½	\$1,000	93½	93	\$2,000	96	94	9,000		
February	66	66	76,200	91½	91½	2,000	70	70	800	..	..	..	..	..	..	95½	95½	25,000	96	96	13,000		
March	70	66	2,900	91	90	16,000	..	..	..	96	96	1,000	96	96	9,000	96	96	6,000	..	..	..		
April	70	66	5,600	91	91	5,000	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
May	74	68	19,900	95	91	30,000	..	..	..	96	96	2,000	96	96	2,000	..	..	..	..	..	..		
June	72	65	62,000	96	91½	7,000	72	69½	1,600	..	..	..	..	..	..	..	..	..	..	..	..		
July	66½	65	12,700	98	98	500	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
August	66	66	2,200	..	..	..	74	70½	6,000	96½	96	6,000	96	98	1,000	..	..	..	..	..	..		
September	71	67	8,600	..	..	..	..	..	..	96½	96½	4,000	96	96	1,000	..	..	..	..	..	..		
October	70	67	42,300	..	..	..	..	..	..	97½	96½	2,000	96½	95½	1,000	..	..	..	..	..	..		
November	70	69	34,600	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
Ontario Steel Products				Peumans				Price Bros.				Quebec Railway, Light & Power Co.				Rio de Janeiro				Riordon Paper Debentures			
High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.			
January	..	..	..	89	85	\$25,600	81½	78	\$4,000	64	60	\$168,000	..	..	..	89	88	\$1,600	..	..	..		
February	..	..	..	89½	88½	32,200	84	84	6,000	67	63	122,000	..	..	..	..	..	..	..	..	..		
March	..	..	..	89½	89	4,600	82	80	3,100	65½	63	83,000	..	..	..	..	..	..	..	..	..		
April	87½	87½	\$3,000	87½	87	18,000	83½	83	16,000	64	62	50,400	78½	78½	\$500	89	88	3,000	..	..	..		
May	..	..	..	88	87	7,000	82	82	500	65½	62	231,300	..	..	..	..	..	..	..	..	..		
June	..	..	..	88	88	2,600	..	..	..	63	60	164,100	..	..	..	..	..	..	..	..	..		
July	..	..	..	87	87	1,600	..	..	..	63½	60	212,600	72	72	600	..	..	..	..	..	..		
August	..	..	..	87½	85½	2,200	..	..	..	63½	62½	106,900	..	..	..	..	..	..	..	..	..		
September	..	..	..	86	85½	6,000	..	..	..	63	62	87,400	..	..	..	..	..	..	..	..	..		
October	..	..	..	86½	86½	1,600	80½	80½	500	63	62½	101,000	..	..	..	..	..	..	..	..	..		
November	..	..	..	..	..	..	..	..	20,000	64½	62½	251,100	..	..	..	..	..	..	..	..	..		
Sao Paulo Company				Sherwin-Williams Company				Spanish River				Steel Company of Canada				Wabasso Cotton				Wayagamack			
High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.			
January	..	..	..	96	96	\$200	..	..	..	95	91½	\$7,800	84	84	\$5,000	78½	75	\$170,800	78½	76	50,600		
February	..	..	..	97½	97½	1,000	..	..	..	96	94½	8,100	..	..	..	78½	76	15,900	77	76	41,300		
March	..	..	..	97½	97½	1,000	..	..	..	94½	88½	2,400	82	82	19,000	76½	76	30,000	78	76	22,000		
April	..	..	..	..	..	..	..	..	..	94	92	5,000	..	..	..	76	74	7,200	74	72	4,600		
May	..	..	..	97½	97½	1,000	..	..	..	93½	92½	23,100	..	..	..	74	72	18,700	70½	69½	22,700		
June	..	..	..	98	98	2,000	..	..	..	93	90	1,600	82	82	600	72	70	38,300	..	..	..		
July	..	..	..	98	98	1,000	..	..	..	93	92	3,700	..	..	..	..	..	..	..	..	..		
August	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..		
September	..	..	..	..	..	..	..	..	..	92½	92	7,000	..	..	..	..	..	..	..	..	..		
October	75	75	2,000	..	..	..	87	87	\$1,000	92	92	700	85	82	1,600	72	70	38,300	..	..	..		
November	..	..	..	..	..	..	86½	86½	6,000	96½	94	3,100	84	84	600	..	..	..	..	..	..		
West Kootenay				Windsor Hotel				Winnipeg Electric				Winnipeg Street Railway				..				..			
High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.				High. Low. Sales.			
January	..	..	..	..	..	..	80	80	\$14,000	..	..	..	..	..	..	..	..	..	..	..	..		
February	..	..	..	..	..	..	80	80	2,000	..	..	..	..	..	..	..	..	..	..	..	..		
March	90	90	\$1,000	..	..	..	82½	82½	5,000	..	..	..	..	..	..	..	..	..	..	..	..		
April	..	..	..	..	..	..	82½	80½	7,000	..	..	..	..	..	..	..	..	..	..	..	..		
May	..	..	..	..	..	..	80½	80½	4,000	..	..	..	..	..	..	..	..	..	..	..	..		
June	..	..	..	..	..	..	79½	79	5,000	..	..	..	..	..	..	..	..	..	..	..	..		
July	..	..	..	..	..	..	80	80	4,000	..	..	..	..	..	..	..	..	..	..	..	..		
August	..	..	..	..	..	..	81½	80½	6,000	..	..	..	..	..	..	..	..	..	..	..	..		
September	90	90	1,600	79½	79½	26,000	82	82	7,300	..	..	..	..	..	..	..	..	..	..	..	..		
October	..	..	..	..	..	..	85	83	20,000	92	90	\$1,000	..	..	..	..	..	..	..	..	..		
November	..	..	..	..	..	..	86	86	2,000	..	..	..	..	..	..	..	..	..	..	..	..		

TORONTO STOCK EXCHANGE—Prices and Sales in 1921

GENERAL

GENERAL												American Sales Book						
Abitibi						American Cyanamid Co.						Listed July, 1920						
Listed Sept. 27th 1920			Preferred			Common			Preferred			Common			Preferred			
												(\$20 per share)						
High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	
January .. .	58	54½	946	86%	86%	26	..	..	..	52	62	10	6½	6½	25	76½	76	161
February .. .	52½	46	4,816	..	..	..	..	..	..	..	..	..	7	7	26	78	76	239
March .. .	44½	35%	2,202	..	..	..	29	29	10	60	60	10	7	6%	35	77½	74½	144
April .. .	39%	30	2,803	..	..	..	..	..	..	..	..	..	7	6	56	74½	72½	78
May .. .	37½	32½	1,099	87½	86%	20	..	..	..	..	..	..	5½	5	100	76	72½	50
June .. .	35%	22½	1,665	..	..	..	..	..	..	..	..	..	4%	4%	25	76	73½	33
July .. .	29	24½	493	..	..	..	..	..	..	..	..	..	4½	4½	6	76	75	24
August .. .	32½	26	812	..	..	..	..	..	..	..	..	..	..	..	..	75	71½	61
September .. .	31	26	1,385	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
October .. .	33	29½	954	83	83	20	..	..	..	..	..	..	..	..	..	..	..	..
November .. .	33½	30½	562	83½	83½	10	..	..	..	..	..	..	6	3%	12	75	72	60
December .. .	31	29½	192	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sales .. .	..	..	17,829	..	..	76	..	..	..	..	..	..	..	..	..	..	..	..
GENERAL—Continued																		
Ames-Holden-McCreedy						Atlantic Sugar			Barcelona			Bell Telephone			Brazilian			
Common			Preferred			Common									Common			
High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	
January .. .	..	..	..	46½	40½	54	33	20½	3,726	4½	4	1,905	112	99½	654	35½	80½	8,524
February .. .	..	..	..	33½	30½	20	83	26	2,401	5%	4½	5,048	109	106	81	35%	32½	1,158
March .. .	..	..	..	..	..	..	35	30	1,168	5½	5	1,909	108	103½	306	33½	31½	6,115
April .. .	..	..	..	26%	26%	6	32	27%	910	5½	4½	665	108½	103	476	32	29½	8,023
May .. .	..	..	..	21½	21½	10	32	29½	125	4%	4%	63	106½	102½	769	33	29%	8,644
June .. .	..	..	..	..	..	..	30	23	802	4	3½	503	103½	102½	574	31½	24%	9,763
July .. .	..	..	..	17	17	10	27%	23½	122	4½	3½	117	104½	102½	297	27½	19%	9,006
August .. .	..	..	..	..	..	..	27½	24	920	3½	3½	150	105½	102½	245	24½	22	3,158
September .. .	..	..	..	29	27	43	30½	28	350	4%	4½	286	106%	104	233	26½	22%	2,991
October .. .	..	..	..	27	27	6	81%	28	404	4	3½	366	106	104	117	24½	22%	2,476
November .. .	..	..	..	..	..	..	33½	30½	328	4½	3½	945	106	104	90	26½	24½	4,876
December .. .	..	..	..	..	..	..	31	26½	646	4	8	1,036	107	106	370	90%	26	9,204
Sales .. .	..	..	..	..	..	148	..	..	11,292	..	..	12,981	..	..	4,212	..	..	79,933

TORONTO STOCK EXCHANGE—Prices and Sales in 1921

B. C. Flehing & Packing Co.

	Common				Preferred				
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	45	38	395	..	..	..	102	101½	322
February	45½	40½	290	..	..	..	107½	104½	84
March	42½	41	116	..	..	..	106	102½	714
April	41	40	138	..	..	..	105	101½	296
May	40	38½	72	9	8½	6	112	102	716
June	38½	35	43	9½	8½	112	112	94½	263
July	32½	30	80	9	7	11	100	95	202
August	30	19	212	11	8	35	100	98	220
September .. .	20	19	95	10½	9½	68	98½	93½	188
October	21½	19½	123	..	..	68½	98½	96	418
November .. .	21½	20½	75	9	8½	155	103	97	793
December .. .	24½	24	60	9½	8½	41	105	104	591
Sales			1,693			427			4,902

GENERAL—Continued
British Empire Steel

Burt, Co., F. N.

GENERAL—Continued

	Canada Bread				Canada Cement Company				Canada Foundries & Forgings				Canada Life					
	Common		Preferred		Common		Preferred		Common		Preferred		Common		Preferred			
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	22	19½	852	87	86	46	86½	58½	772	93½	90	47	..	..	..	..	..	..
February .. .	21	19	440	88	87	30	81½	57	994	93½	92	30	..	..	..	..	..	..
March	19	17½	210	..	..	..	60½	58	820	92	90	69	..	..	..	..	..	..
April	18	16½	310	88	86	30	59½	56	560	91	90	82	..	..	..	..	..	..
May	24½	17½	845	..	..	..	56	50½	1,923	90	88½	102	..	..	..	..	..	..
June	21½	19	439	86	85	21	53½	47	1,818	89	83½	125	..	..	..	..	..	..
July	20½	19½	127	85	85	60	52½	48	475	82	82	2	..	..	..	..	..	..
August	21	20	142	86	86	15	52	48½	219	83	81½	24	..	..	..	..	..	..
September ..	27½	20½	1,344	88	85	28	56	50	851	83	83	2	..	..	..	..	..	..
October .. .	26½	24	746	85	85	5	59½	54½	729	88½	85½	173	..	..	..	..	..	..
November .. .	29	24½	1,298	..	..	..	67½	60	599	90	85½	87	..	..	..	..	..	..
December .. .	27	25	408	..	..	..	57	53	267	94½	89	296	..	..	..	..	..	..
Sales			7,060			234			9,937			919						46

GENERAL—Continued

Canada Steamships Co., Ltd.				Canadian Car & Foundry				Canadian General Electric				
	Common		Preferred		Common		Preferred		Common		Preferred	
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	60	46½	1,846	73½	65	1,087	70	64	80	105	94½	770
February	45½	27½	9,305	71½	66	1,164	78½	73½	60	109½	102½	745
March	32	28	2,013	68	64½	908	70½	70	35	117	108½	5,114
April	29½	18½	4,286	64½	38	5,611	66	65	85	112½	107	864
May	26½	21	1,501	68½	40½	4,228	69½	65	40	113	99½	442
June	23	17½	1,010	66½	43½	2,045	51	49½	15	113	105	948
July	20½	18½	820	49	44½	762	53	48½	60	111	84½	520
August	22	19	297	63½	49½	1,168	52½	50	60	95	88½	662
September	20½	19½	305	64½	49½	1,129	51	50½	50	94½	92	708
October	19½	18½	75	55	49½	1,600	48	43	100	95½	92½	2,170
November	19	17½	176	54½	62	808	62	48	105	95	80	1,469
December	18½	12½	630	63½	43½	3,726	61	45½	60	89	85	1,836
Sales			22,263			24,236			690			16,252

GENERAL—Continued

	Canadian Locomotive			Canadian Pacific Railway			Canadian Salt			City Dairy		
	Common		Preferred	Common		Preferred	Common		Preferred	Common		Preferred
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	86	82	154	86	83	45	141	129½	1,831	87½	87½	5
February	86	84	6	86	85	53	135½	130	1,502	89	89	4
March	86	84	120	87	85½	25	132	130	1,829	88	87	20
April	78	78	5	84	80	47	129	123½	1,598	80	80	10
May	77	75	20	81¾	80	13	130	126½	533	..	..	..
June	..	..	..	81	80	6	128	114	1,966	75	75	100
July	..	..	..	82½	82	45	129	124	771	..	..	..
August	..	..	..	82	80	35	130½	125	779	..	..	..
September	75½	75½	39	79	79	10	127½	124	790	..	..	..
October	77	76	25	79	78	43	126½	120	1,307	..	..	..
November	76	75	50	82	80	36	134½	123½	1,594	75	75	20
December	..	..	..	83	81½	19	133½	126	..	..	..	..
Sales			409			376			16,081			169

GENERAL—Continued

Conlagan Mines, Limited (\$5 per share)			Cons. Mining & Smelting Co. (\$25 par)			Consumer Gas			Crown Reserve (\$1 per share)			Crown's Nest Pass Coal Co.			Detroit United		
High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January ..	2.20	1.50	4,480	21	18	2,173	137	124½	1,672	..	..	47	45	115	80½	90	73
February ..	2.15	1.96	520	20½	18	885	140	132	540	..	..	65	50	145	..	..	..
March ..	2.85	1.85	1,660	19	16½	698	140	136½	765	..	..	47	47	4	..	..	..
April ..	1.96	1.89	900	16½	15	1,090	141	137	383	13	13	2,000	54	54	10	..	..
May ..	1.80	1.65	490	16½	16	839	141	137	463	..	..	..	..	..	77½	76½	39
June ..	..	..	..	16½	13½	898	68½	65	538	10½	10	1,200	..	..	71½	74½	15
July ..	..	..	..	14	13½	235	67½	66½	280	..	..	..	..	..	64½	63½	4
August ..	..	..	..	18	14½	495	76	63	806	12	12	4,000	..	..	63½	49½	76
September ..	..	..	..	15½	15	206	71	68	288	12	12	4,000	..	..	53½	49½	76
October ..	..	..	..	19½	16	635	68½	65	436	..	..	..	45	45	73	62	262
November ..	..	..	..	19	18½	1,505	71	68	845	..	..	..	..	..	70½	65	556
December ..	..	..	..	19½	17	1,127	74	70½	616	9½	7½	200	47	47	73	68½	90
Sales ..			8,050			10,276			7,402			437			1,064		23,446

GENERAL—Continued

Dome Mines (\$10.00 par)			Dominion Iron and Steel Preferred			Dominion Steel Corporation Common			Dominion Steel Corporation Preferred			Dominion Telegraph			Duluth-Superior			
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	14.25	11.76	946	75	68½	25	49	42	2,602	64½	64	20	86	81	26	13	13	125
February	18.76	14.00	8,028	76	75	32	49	41½	4,117	..	..	..	85	81	52	15	12½	440
March	18.00	17.16	810	75	76	32	49	41½	6,922	..	..	..	80	80	25	15	11	413
April	24.25	18.15	4,625	68½	68½	50	43½	37½	2,653	..	..	..	80	79	24	22½	15	1,560
May	22.50	20.25	1,822	68½	66½	25	38½	31	8,728	..	..	..	79	79	3	24	21	247
June	20.60	17.00	3,446	..	..	..	31½	23	3,269	..	..	..	22½	22½	64	22	13	63
July	26.00	19.00	3,446	..	..	..	31½	24	477	..	..	..	22½	22½	20	16	15	222
August	19.80	18.25	845	..	..	..	28	26	808	57½	56½	30	..	..	..	16	16	5
September	22.75	18.25	1,825	..	..	..	28½	26½	976	..	..	..	27	24	116	15½	16	43
October	20.90	19.50	941	..	..	..	25½	24	456	62½	61½	10	26½	26½	9	15½	15½	94
November	32.50	19.75	1,126	..	..	..	27	25	734	63½	63½	30	38	37	117	15½	15½	45
December	21.25	19.50	560	63½	62½	27	27	25	2,274	70½	68	170	39	37	93	16	15½	15
Sales			25,640			319			9,314			360			551			3,225

TORONTO STOCK EXCHANGE—Prices and Sales in 1921

	Common			Dominion Canners			Illinois Traction			Ford Motor Co.			Lake of the Woods Milling Co.		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	43½	36½	965	80	78	60	300	300	1	70	70	10	135½	135½	15
February	41	30½	615	80½	80	42	300	300	1	70	70	10	135½	135½	15
March	29	26	290	80	78½	30	340	320	12	70	70	10	148½	148½	20
April	29	26	125	78	77	67	327	327	17	70	70	10	148½	148½	20
May	25½	24½	203	77	77	40	300	300	10	70	70	10	135½	135½	15
June	24½	21	65	78	76½	63	310	310	1	70	70	10	135½	135½	15
July	22½	21½	85	76½	75	20	300	300	10	70	70	10	130	130	30
September	27½	24½	249	78	77	15	310	310	1	70	70	10	134½	134½	3
August	25	23	220	76	75	48	260	260	1	70	70	10	132½	132	40
November	27	26½	40	76½	75	39	310	310	1	70	70	10	139½	139½	5
October	29	26½	100	77½	77	31	310	310	1	70	70	10	145½	145½	30
December	28	24½	47	77	77	10	292	265	19	70	70	10	143½	142½	11
Sales			2,004			465			63			20			190

	La Rose Consolidated (\$1 per share)			Mackay Companies			Maple Leaf Milling			Mexican Light and Power		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	32½	21	1,585	80	69	707	146	138	338	97	93	82
February	32½	21	1,585	78½	76	995	145	144	85	98½	97½	77
March	25	19	6,700	76	71½	967	135	130	85	100	98	40
April	25	19	6,700	74½	71	928	130	120	75	98½	95	77
May	25	19	6,700	75½	73½	662	134½	128	241	96½	95	54
June	20	20	1,600	75½	71½	606	133	120	102	96½	95	172
July	20	20	1,600	72½	71	458	130	110	119	96	95½	125
August	17½	17½	300	73½	72	477	120	115	110	96	95	44
September	32	28	300	78½	72½	1,043	118	116½	90	96	95	99
October	33	33	2,000	78½	75½	855	115	113	139	95½	96½	145
November	32½	32½	300	82½	75½	2,035	126	109	445	97½	95	115
December	33	33	1,100	82½	75½	1,260	124	115	497	100½	98	81
Sales			13,885			10,982			2,326			1,111

	Monarch Knitting			National Steel Car Company			Voting Trust			Nielsen		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	80	78	10	5½	4	427	28	22	366	9.00	8.50	699
February	80	80	6	5½	4	305	25½	22	160	9.50	9.00	1,026
March	80	80	4	6	5½	225	26	23	60	8.80	8.45	1,115
April	80	78	15	5	4½	177	25	23	26	8.50	6.25	4,082
May	78	78	8	3½	3½	26	22½	22½	25	6.35	5.00	992
June	78	77½	29	3½	3½	26	22½	22½	25	5.00	4.80	404
July	75	75	5	3½	3½	26	22½	22½	25	4.95	4.50	180
August	77	77	10	3½	3	70	21	21	10	5.00	4.90	240
September	76½	75	26	3½	3	70	21	21	10	5.50	5.10	1,010
October	75	75	10	3½	3	70	21	21	10	6.95	5.55	730
November	80	78	13	3½	3	70	21	21	10	7.01	5.70	670
December	80	78	13	3½	3	70	21	21	10	7.30	6.50	900
Sales			135			1,229			647			12,048

	Nova Scotia Steel and Coal			Ogilvie Flour			Ontario Steel			Pacific Burt		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	42	37	416	101½	101½	20	66	65½	25	37	34	20
February	44	40	290	104½	104	10	66	65	75	36	36	10
March	42	37	129	106	105½	35	66½	62½	65	30	30	15
April	41	40	85	106	105½	35	63	52½	10	30	30	10
May	41	37½	108	106	105½	35	37	37	25	37	30	242
June	27½	25½	45	106	105½	35	48½	42½	435	37	37	34
July	24	24	43	106	105½	35	48½	42½	435	37	37	34
August	24	24	43	106	105½	35	54½	49½	1,504	38	38	10
September	27½	26	110	106	105	10	55	46½	1,627	75	75	5
October	27½	26	110	106	105	10	44½	38	275	75	75	11
November	27½	26	110	106	105	10	43½	41	150	78	78	52
December	27½	26	110	106	105	10	43½	41	150	78	78	52
Sales			1,226			24			4,481			241

	Penmans, Limited			Port Hops Sanitary			Porto Rico		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	95	95	4	81½	78	55	40	37	113
February	100	100	40	78½	78½	5	46	38	689
March	95	95	4	85	86	5	45	42	210
April	95	95	4	85	86	5	45	43	176
May	95	95	4	85	86	5	45	44	89
June	95	95	4	85	86	5	44½	40	38
July	95	95	4	85	86	5	44½	40	38
August	95	95	4	85	86	5	44½	40	38
September	95	95	4	85	86	5	44½	40	38
October	100	100	5	84	84	12	35	35	17
November	100	99½	26	84	84	12	35	35	43
December	100	99½	26	84	84	12	35	35	56
Sales			74			82			1,430

	Quebec Railway			Riordon Pulp & Paper Co.		
	High.	Low.	Sales.	High.	Low.	Sales.
January	27	22½	1,480	158½	129½	285
February	29½	25½	2,150	143	142½	80
March	28½	26½	505	126	103½	260
April	26½	24½	515	108½	21½	2,687
May	29½	24	1,055	27	11½	2,720
June	28½	22½	830	18½	7½	1,387
July	25	23½	86	13	3½	1,300
August	28½	24	645	4	1½	630
September	26	23½	285	3½	2	110
October	25½	24	250	8	3	695
November	25½	24	197	7½	5	585
December	24½	23	235	6	5	240
Sales			8,288			10,979

TORONTO STOCK EXCHANGE—Prices and Sales in 1921

GENERAL—Continued

	Rogers, William A.			Russell Motor Car			Sawyer-Massey		
	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.
January	56	62	46	87	85	21	15	12	15
February	54	63	36	87	85	17	13	13	70
March	55	63	8	94	89	17	15	13	40
April	56	60	30	90	87	18	..	..	..
May	55	50	27	..	..	..	..	..	..
June	50	50	11	85	82	10	..	..	..
July	60	50	2	83	75	42	..	..	..
August	60	50	8	76	75	12	..	..	..
September	..	..	..	80	74	58	..	..	..
October	..	..	..	76	76	15	..	..	..
November	..	..	..	76	76	6	..	..	..
December	..	..	..	80	76	34	..	..	..
Sales	166			250			10		

GENERAL—Continued

	Shredded Wheat			Spanish River			Paper and Pulp			Warrant		
	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.
January	130	130	15	88%	80 1/2	738	94 1/4	91 1/4	416	..	..	..
February	128	125	100	81 1/4	71	2,548	90 1/4	84	264	..	..	..
March	130	129	20	78	70	1,384	86	79	241	..	..	..
April	..	..	..	74%	68	2,122	83 1/4	74	741	..	..	..
May	120*	120	15	77	70	873	80 1/4	77 1/2	276	..	..	..
June	..	..	..	69	47 1/2	3,306	78	60	806	..	..	..
July	..	..	..	65%	47	295	62 1/4	55	212	..	..	..
August	..	..	..	56	47 1/2	1,155	65%	56 1/2	342	..	..	..
September	..	..	..	55	51	722	68 1/4	56 1/2	337	..	..	..
October	..	..	..	59 1/4	53	725	76%	68 1/2	70	..	..	..
November	..	..	..	59 1/4	68	85	78	76%	120	..	..	..
December	132	132	5	73 1/4	55	141	70 1/4	70 1/2	1	..	..	..
Sales	155			14,102			..	..	..	..	..	..

GENERAL—Continued

	Standard Chemical			Steel Company of Canada			Tooke Bros., Ltd.			Toronto Railway		
	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.
January	29	28	30	64	59	907	92 1/4	86 1/4	456	69 1/4	60	4,239
February	27	26	26	63 1/4	61 1/4	547	93	92 1/4	115	74	66 1/4	6,569
March	..	..	..	61	56 1/4	933	93	92	99	69 1/4	65 1/4	1,093
April	..	..	..	61	57	465	92	90	403	72 1/4	66	2,323
May	..	..	..	60	56	877	90 1/4	90	225	72	68	1,441
June	..	..	..	57	43	2,193	89 1/4	96	326	80	70	5,212
July	..	..	..	49 1/4	46	613	88 1/4	84 1/4	129	75	68 1/2	1,312
August	..	..	..	51%	44%	975	90	88	60	73 1/4	68%	2,039
September	..	..	..	58	48	1,685	90 1/4	89	33	74 1/4	68 1/2	3,330
October	..	..	..	64 1/4	56 1/4	797	92 1/4	90	149	73 1/4	68 1/2	1,417
November	..	..	..	64 1/4	60%	547	90 1/4	90	76	69 1/4	63 1/4	995
December	..	..	..	62%	59 1/4	1,021	93	91	232	67 1/4	64 1/4	1,136
Sales	..	..	..	11,460			2,143			70		33,137

GENERAL—Continued

	Tuckett Tobacco Co.			Twin City			Western Canada			Winnipeg Electric		
	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.	Common	High.	Low.
January	19 1/2	19 1/2	500	43	42	221	47	43 1/4	287	41 1/4	36	683
February	..	..	..	61 1/4	48	366	47	44 1/4	657	43	39 1/4	1,523
March	16%	16%	1,500	45	45	17	46 1/4	44	250	45	40	327
April	18	11 1/2	2,100	45	45	30	61 1/4	47	1,901	43 1/4	39 1/4	592
May	19	19	500	46	42	49	62	49	213	41	39	773
June	17	15	5,250	40 1/4	39	11	49	41	135	40	34 1/2	155
July	..	..	..	35	35	30	47	44	65	36	31 1/2	44
August	13 1/4	13 1/4	200	40	35	130	47	44	61	35	30	428
September	..	..	..	41	38	105	45	44 1/4	164	38	30 1/2	1,277
October	..	..	..	38	38	10	43	37	183	39 1/4	37	784
November	..	..	..	..	..	..	39	35	145	38 1/4	34 1/2	669
December	11	9%	2,500	37 1/4	34	11	26 1/4	34	374	36	34	916
Sales	12,550			980			4,446			72		8,143

BANKS

	Commerce			Dominion			Hamilton			Imperial			Merchants			Molson		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	198	179 1/4	428	204	191 1/4	139	185	169 1/4	511	190	185	203	181	169 1/4	84	165 1/4	168 1/4	2
February	190	186	312	202	199 1/4	183	184	180	144	190	186	168	177 1/4	177	24	..	..	..
March	190	187	124	200	188 1/4	147	180	179	16	189	186	153	180	175	62	..	..	..
April	187 1/2	182	242	197	194*	94	181	179	80	191	183 1/2	154	179 1/4	170	27	..	..	..
May	190	184 1/4	159	197	192	125	184	179	199	185	184	208	176	170	101	..	..	..
June	184 1/4	182 1/4	194	195	191	113	188	177	61	184	176	118	176	170	93	174	174	11
July	185	184	94	193	185	178	178	170	45	181	179	112	176	170	58	175	174	10
August	187	184	298	192	190	66	179 1/2	176	44	185	180	409	171	166	56	..	..	..
September	186	184	187	196 1/4	191	105	172	170	85	183	180	96	168	165	40	..	..	..
October	187 1/2	186 1/4	188	193	192	114	174	171	65	182	179	195	169	165	62	176	176	16
November	189	184	343	195	192	160	173	168	146	180	178 1/4	330	163 1/2	163	76	180	176	28
December	189	192 1/4	386	202	196 1/4	65	175	169	202	182	173 1/4	443	171	168	67	177	171	70
Sales	2,965			1,469			1,598			2,312			750					137

BANKS—Continued

	Montreal			Nova Scotia			Royal			Standard			Toronto			Union		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	212	196	229	265	249	86	204 1/4	194	272	205	198	585	192	182	154	160	147	261
February	210 1/4	209 1/4	51	269%	259%	14	203	200	14	203 1/4	200	404	191	181	5	169 1/4	156	107
March	205 1/4	205	11	261	269	85	202 1/4	200	227	202	201	160	189	185	24	157	154	86
April	209 1/4	205*	73	266 1/4	266*	129	202	200	128	203 1/4	200	179	185	179	62	156	153	30
May	206	205	5	266	253 1/2	42	206	201 1/2	128	203	200	235	183	177	213	153	150	13
June	202 1/4	203 1/4	5	254 1/4	250	41	203	198	149	204	203	121	178	177 1/4	35	151 1/4	147 1/4	288
July	199 1/4	199 1/4	7	251	249 1/4	16	200	198	139	203	200 1/2	74	182	178	54	148 1/4	147	46
August	206 1/4	206 1/4	5	262	250 1/4	32	201	197	86	205	201	45	185	183 1/4	15	150	143	18
September	208	206 1/4	10	261 1/4	247	73	198 1/4	194 1/2	110	204 1/4	203	115	189	183	49	145 1/4	144 1/4	54
October	210	209 1/4	35	261 1/4	248	62	201	197	187	204 1/4	201 1/4	136	190	188	150	145	143	44
November	209	206 1/4	106	263	252 1/4	22	204 1/4	198 1/4	227	204	201 1/2	38	189	187 1/4	122	145	141 1/4	51
December	216	208	61	263	250	46	201	199	236	208	204	263	190	188	50	146	140 1/4	461
Sales	671			588			2,043			2,375			973					1,455

LOAN AND TRUST

LOAN AND TRUST																	
Canada Landed and National Investment				Canada Permanent Mortgage Corporation			Central Canada Loan and Savings 2000 paid			Colonial Investment and Loan			Dominion Savings and Investment				
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.		
January ..	130 1/4	130	37	173	164	1,017	..	..	..	..	..	78	77	309	..	..	..
February ..	135	130	164	190	180	338	..	..	..	..	..	73	75	225	..	..	..
March ..	134	132 1/4	86	180	176	2,683	..	..	..	..	..	78	75 1/4	363	70	70	15
April ..	135	132 1/4	68	176 1/4	173	1,934	..	..	..	..	..	75 1/4	75 1/4	463	..	..	..
May ..	136 1/4	135	125	177	174	1,147	..	..	..	..	..	..	..	..	70	70	39
June ..	67 1/4	66	65	17 1/2	17 1/4	1,179	..	..	..	..	..	..	..	..	..	..	..

TORONTO STOCK EXCHANGE—Prices and Sales in 1921

July	65	65	9	17½	16½	474
August	66	63½	149	17½	16½	306
September	70	64	128	17	16½	1,134
October	70	68	143	17½	16½	964
November	71	70	163	17	16½	1,245
December	70	70	52	17½	17	1,676
Sales			1,189			14,094

LOAN AND TRUST—Continued

Hamilton Provident and Loan						Huron and Erie Mortgage Corp.						Landed Banking and Loan			London and Canadian Loan and Agency			
	High.	Low.	Sales.	High.	Low.	20 per cent. paid	High.	Low.	Sales.	High.	Low.	20 per cent. paid	High.	Low.	Sales.	High.	Low.	Sales.
January ..	140	140	19	110	110	14	..	..	..	..	..	..	137	137	5	115	115	46
February ..	140	140	40	110	110	36	..	..	..	..	..	..	..	..	..	120	118	83
March ..	140	140	8	..	..	..	..	..	..	..	..	..	137	137	3	115	115	42
April ..	140	140	110	..	..	..	..	..	..	..	..	..	137	137	30	115½	116	195
May ..	..	..	..	110	110	12	..	..	..	103	103	56	..	..	..	119	119	17
June ..	140	140	5	110	110	2	..	..	..	..	..	..	..	..	..	69	65	499
July ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	69½	69½	50
August ..	..	..	..	..	..	..	110	110	50	..	..	..	..	..	..	..	..	..
September ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
October ..	..	..	..	..	..	..	..	..	..	..	..	..	136	136	10	..	..	..
November ..	..	..	..	..	..	..	110	110	10	..	..	..	..	..	..	..	..	..
December ..	..	..	..	..	..	..	109½	109½	6	..	..	..	..	..	..	..	..	..
Sales ..	..	..	182	..	..	63	..	..	66	..	..	56	..	..	58	..	..	933

LOAN AND TRUST—Continued

National Trust			Ontario Loan and Debenture			Real Estate Loan			Toronto General Trusts			Toronto Mortgage			Union Trust		
High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January									180	180	19	132½	132	20	100	90	45
February									200	192	75				105	97	125
March	196	195	40						200	196	28	132	132	20			
April	290	200	2	157	157	3			196	195	20	132	132	35	100	100	16
May						92	92	3	198½	195	16	133	133	14			
June						92	92	5	200	198	9	67½	62½	64			
July									195	195	8				90	80	50
August	197	197	16			89	85	13	198	195	26				86	85	83
September	195	195	6	76½	76½	60			199	197½	35				94	84	3
October	196	194	16	76½	76½	40			198½	198	115	68½	68½	20	81½	81½	10
November	195	190	51						200	198½	143	67½	67½	1	82½	60	165
December	190	190	24						201	201	26	73	73	29	85	83	510
Sales			183			193					530			213			996

BONDS

	Canada Bread			Canadian Locomotive			(1925)			Dominion of Canada War Loan								
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	(1931)		(1937)		(1922)				
										High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January . . .	84	84	1,000	86½	86½	\$18,500	94½	92	\$50,00	94	90½	\$75,800	98½	94½	\$225,400	99½	97	\$1,131,100
February . . .	86	86	6,800	89	88	9,000	94½	93½	42,00	95½	93	37,100	98½	97	146,000	99½	98	355,200
March	85½	83	8,000	89	89	1,000	95	93½	66,50	93½	92½	64,600	98½	97½	323,200	98½	97½	341,000
April	85	83	15,200	87	87	2,500	95½	94½	37,00	93½	92½	44,800	97½	96	186,000	98½	98	427,950
May	84	83½	8,000	..	..	....	95.00	94.60	107,00	93.25	93.00	65,200	97.65	96.00	173,900	99.50	98.15	598,650
June	83	82	3,500	..	..	....	95.10	94.55	88.50	93.10	92.80	57,100	97.50	96.80	166,400	99.60	98.30	618,450
July	84	83	1,300	88	88	1,000	96.00	94.00	58,00	93.26	92.00	61,200	97.10	96.50	78,400	99.40	98.70	276,700
August	84	83½	2,400	..	..	....	94.96	93.00	18,00	92.90	92.00	73,800	96.80	95.40	69,100	99.20	98.00	209,650
Sept.	87	87	8,000	87	87	9,000	95.05	94.60	18,00	92.70	92.00	64,600	97.80	96.40	92,100	99.20	98.75	287,960
October	87	86½	4,600	86	85	500	95.26	94.75	61,000	92.50	92.00	108,300	97.80	97.25	61,900	99.20	98.76	287,950
November . . .	90½	87½	4,000	..	..	....	96.25	95.10	180,00	96.25	92.20	120,200	102.35	97.65	188,800	99.65	98.60	632,450
December . . .	90	89	3,600	86	86	1,000	96.65	96.46	19,00	96.60	96.00	50,900	102.60	100.00	123,600	99.20	99.00	331,900
Sales			66,400			42,500			738,00			813,600			1,872,700			5,533,950

BONDS—Continued

Dominion of Canada Victory War Loan																		
	(1923)			(1924)			(1927)			(1933)			(1934)			(1937)		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January	99	95½	\$604,200	97½	94½	\$664,150	99½	95½	\$161,500	99	95½	\$1,992,900	96½	92½	\$3,098,650	100½	97	\$975,550
February	99½	97½	247,050	96½	96½	1,248,400	99	97	167,500	99	98	642,200	95½	95	2,826,300	99½	98	3,211,700
March	98½	96½	469,500	96½	96	498,700	97½	97	273,000	98½	97½	1,095,160	95½	91½	1,292,860	99½	99½	710,250
April	98½	96½	217,300	96½	96	179,850	98½	97	134,450	98	96½	708,350	94½	93½	1,127,300	99½	98½	330,550
May	98.75	97.60	365,500	96.90	96.00	277,700	98.45	97.60	115,500	97.90	96.75	1,350,950	95.10	94.50	1,174,700	99.45	98.75	872,050
June	98.70	97.60	562,200	97.00	96.00	226,400	98.40	96.50	83,500	97.50	96.10	970,200	95.15	92.90	935,560	99.60	98.26	516,650
July	98.90	97.50	210,000	98.15	96.60	70,500	98.10	96.50	76,000	98.00	96.80	453,900	94.90	94.10	448,150	99.30	98.50	337,500
August	98.30	97.20	339,600	97.30	96.00	193,650	98.25	97.80	62,500	98.00	96.60	582,950	94.85	94.46	499,050	99.35	98.60	241,350
Sept.	98.20	97.80	345,150	96.40	95.90	130,360	98.10	97.15	23,500	97.70	97.20	425,400	94.60	94.30	587,100	99.20	98.50	214,500
Oct.	98.20	97.80	345,150	97.25	96.40	183,750	97.60	97.00	21,000	97.65	97.25	557,860	94.70	94.40	927,300	99.10	98.75	270,000
Nov.	99.15	98.35	497,350	98.50	97.40	719,250	100.10	97.00	69,600	101.75	97.45	2,859,950	99.45	94.65	3,212,850	103.80	98.80	513,200
Dec.	99.75	98.60	172,400	98.40	98.00	162,650	100.25	99.25	124,000	101.25	100.00	1,002,750	98.70	97.60	1,727,760	103.45	102.00	431,350
Sales			4,375,400			4,565,400			1,313,600			2,642,650			17,317,550			8,924,650

BONDS—Continued

	Dominion Cannery			Dominion Iron			Electrical Development			Ogilvie Flour			Penmans			Porto Rico		
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.
January ..	89	88	\$7,500	76½	76½	\$7,000	92	92	\$1,000	..	....	....	..	..	....	..	..	....
February ..	90	90	2,000	..	..	....	..	..	....	..	..	....	..	..	....	..	..	....
March ..	..	..	....	..	..	....	93	92½	4,500	96	96	1,000	..	..	....	..	..	....
April ..	90	89%	3,000	81	81	1,000	93	93	3,000	..	..	....	86	86	1,500	72	70	9,500
May ..	..	..	....	78%	78%	3,000	..	..	....	..	..	....	87	87	1,500	73	73	1,000
June ..	..	..	....	78½	77	6,000	..	..	....	..	..	....	..	..	....	..	..	....
July ..	87	87	3,000	..	..	....	90	90	500	..	..	....	..	..	....	70	70	1,000
August ..	87½	87	3,500	82%	82%	1,000	..	..	....	..	..	....	87½	86%	1,500	..	..	....
September ..	..	..	....	..	..	....	..	..	....	..	..	....	87	87	500	..	..	....
October ..	..	..	....	82%	82%	1,000	..	..	....	..	..	....	..	..	....	70	70	600
November ..	..	..	....	..	..	....	94	93	15,000	..	..	....	90	90	1,000	..	..	....
December ..	90	90	500	..	..	....	..	..	....	..	..	....	89	88	1,100	72½	72½	500
Sales ..	..	..	19,500	..	..	19,000	..	..	24,000	..	..	1,000	..	..	7,100	..	..	12,500

BONDS—Continued

Quebec Railway, Light and Power				Rio ds Janeiro Tram., Light & Power				Sao Paulo Tramway				Steel Co. of Canada				Sterling Coal			
	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	ales.	High.	Low.	Sales.	High.	Low.	Sales.	High.	Low.	Sales.	
January	62½	62½	\$10,000	78	76	\$26,600	88	62	\$13,700	75	70	\$136,000	95	91	\$4,000	85	86	\$20,000	
February	..	..	..	79	76½	19,600	69	67	10,200	82	75	100,000	95	96	2,000	..	..	..	
March	..	..	..	79	78	16,500	69½	66½	8,700	80½	78	37,000	94½	93	10,500	..	..	..	
April	..	..	..	78	78	6,000	65	65	1,000	80	77	13,500	94	93	20,200	..	..	..	
May	63½	63½	1,000	78	77½	18,000	65	63	800	78	78	1,000	93½	93½	600	..	..	..	
June	63	63	3,000	75	75	1,000	60	60	300	78½	76	20,000	94	92	2,700	..	..	..	
July	..	..	..	73½	73½	16,000	65	62	1,300	75½	75	7,500	93½	92	1,000	..	..	..	
August	..	..	..	..	..	..	..	..	..	72	72	5,500	93	92	7,000	..	..	..	
September	..	..	..	75½	72	9,600	83	63	800	73	73	5,000	92½	91	8,000	..	..	..	
October	63	62½	9,000	76	76	500	64	62	2,800	73	73	1,500	94	92	3,400	..	..	..	
November	..	..	..	79½	77½	41,600	69	66	9,400	78½	78	5,000	95	95	1,000	..	..	..	
December	..	..	..	84½	74½	65,000	70	70	400	81	79½	20,000	98	97½	6,100	85	85	1,600	
Sales	..	..	23,000	..	..	202,000	..	..	49,400	..	..	352,000	..	..	66,200	..	..	1,700	

Large Volume of New Financing in 1921

Total Bond Sales Over \$400,000,000—Less Than Half Sold in United States, and Small Amount in United Kingdom—Market Weakened, But Closing Months Were Stronger

LAST year's bond market was characterized by many surprises, in which the calculations of bankers, bond dealers, provinces, municipalities and others, were badly upset. At the close of 1920, and the beginning of 1921, the market gave good promise of a big rise, and all those who were familiar with the various economic phrases of the situation, were profuse in their predictions as to the future. But these prophecies were not fulfilled until certain unexpected factors had been met and overcome, a process which lasted throughout almost the entire year.

One of the most significant factors which pointed to a rising market, was the trend of commodity prices. History points that every great rise in commodity prices has been associated with a decline in the price of investment bonds, with a corresponding increase in their yields. Similarly every pronounced decline in commodity prices has been reflected in advancing bond prices. The reason for this is clear, namely, that the bond has a fixed face value in dollars and cents, both principal and interest, and as the value of the dollar fluctuates according to the amount of commodities which it can buy, so does the bond.

Thus, the commencement of the downward trend of commodity prices made itself felt in the market, and with prospects of a continued and rapid fall, anticipations were for a corresponding movement on the part of bond values. Furthermore there was a lessening demand for funds for general business, which pointed to a larger amount of money for investment in securities.

Of course, all this had a profound psychological effect. Previously, investors were apprehensive and inclined to be depressed, but with the first signs of improvement, the feeling disappeared and confidence became predominant. Bond dealers contributed further to the situation by constantly showing "bargains which would not last long," pointing to rising prices as evidence. There was no reason to believe they were wrong, and naturally, investors hastened to take advantage of the low prices which promised to soon become high.

But this movement was destined to be halted and to suffer a prolonged set-back, which resulted in loss and inconvenience to borrowers, intermediaries and lenders alike. Those provinces and municipalities which were waiting for the opportunity to place their bonds at low rates, were largely affected.

Factors in the Decline

There were at least two factors which were responsible for the reaction. In the first place, over-confidence and extravagance became over-ruling. The market was flooded with securities, and it was not long before a severe attack of indigestion set in.

Secondly, there was not the amount of funds for investment purposes as at first anticipated. The bank statement had been emphasizing the approach of the era of easy money, as evidenced by the good liquid condition of bank assets. But this soon disappeared, for while the demand for funds by industry was greatly reduced, the current borrowings of the Dominion government and municipalities were excessive, as shown in detail elsewhere in this issue.

Naturally, these influences brought a reaction in the psychological effect. Provinces and municipalities were in a good many cases compelled to come into the market, and with the continuance of a substantial volume of new securities, investors again in an apprehensive mood, and money by no means plentiful, prices slumped miserably.

Turn in the Autumn

Throughout the summer, the market was quite weak, but with the autumn, once more a change was introduced

into the situation. This was a real movement, and carried prices well above the previous best levels, Victory bonds leading the way.

Perhaps, the biggest influence was the receptiveness of the American market. The volume of new issues brought out in September, October and November was enormous, and could have never been absorbed at home without seriously affecting the market here. With the aid of our American neighbors, however, prices soared.

The latter part of the year, when dealers were having a hard time in securing sufficient bonds to meet the demand of their customers, particularly long-term securities, provided a contrast to the early season, when almost everyone was oversupplied.

December was marked by minor reactions after the first big burst of enthusiastic uprising, but the trend was unmistakable. The following figures of Victory Loan prices will show to a certain degree the movement of bond prices throughout the year:

	Nov., 1920.	March, 1921	June.	Dec. 14
1922	98	98 1/4	98.70	99.20
1923	98	98	97.80	98.60
1927	97	97 1/2	97.45	99.75
1933	96 1/2	98 5/8	97.00	100.50
1937	98	98 3/4	99.00	103.05
1924	97	96 3/4	96.50	98.00
1934	93	95 3/8	94.25	98.00

Restriction Removed

An event of the year although it did not have very much effect upon the market, was the removal of the securities embargo. Following closely upon the release of Victory bond price control by the government, this marked the complete freedom of the market.

There never really was an embargo, but only certain action taken to point to those interested in this particular business the adverse effect upon our exchange of a large amount of securities being brought into the country. It was something of a relief, however, when it was intimated that the government has stopped trying to artificially support the market, and that henceforth prices could follow the course which was economically correct.

The "embargo" was meant chiefly to prevent the inflow of British securities, or rather British-held Canadian securities, which were finding their way back here. But during 1921, a new movement took place, and that was the trading in foreign securities. German and French bonds were introduced here, the chief attraction being the large profit which might possibly be made when exchange righted itself.

The most interesting and outstanding event in this regard was the offering of \$6,000,000 6 per cent., City of Paris bonds, to yield 6 1/2 per cent., being part of an authorized issue of \$20,000,000 to be placed in Canada. Quebec bankers and investment houses took charge of the issue, and no doubt, the bulk of the amount was taken up in that French-Canadian province. It might be said here, that the money secured on this issue would not go out of the country, for it was meant expressly for the purpose of purchasing food-stuffs, etc., in Canada.

Other trading in foreign securities was not on a sufficiently large enough scale to be of much influence to the market, although many brokers took up the business.

Experiences Abroad

Of necessity, Canada had to seek assistance from abroad in her monetary requirements, but on the whole she was less dependent upon foreign help than in the previous year. In 1920, of the total bond sales of about \$325,000,000, more than two thirds were sold in the United States. Last year.

of the total bond sales of more than \$400,000,000, considerably less than half were sold in the United States, while a small amount was disposed of in the United Kingdom.

Exchange rates prevented the issue of Canadian public loans in Great Britain to any large degree, although bankers and bond dealers are looking to the opening of that market in the near future. In recent months exchange has made a big stride back to normal. For example, in January, 1921, sterling was quoted at \$4.29 here, while on December 14 last the quotation was \$4.55.

In the early part of the year, the volume of securities sold in the United States was not large, but as the year progressed, and interest rates continued high, Canadian borrowers turned to the southern market, where good rates could be secured, in view of the prevailing rates of exchange.

But those provinces and municipalities, which had borrowed largely there in 1920, were rather hesitant in making further large floatations, for exchange rates continued high, and the prospects of repaying interest and principle looked like a costly undertaking, in some cases more than offsetting the immediate benefits.

However, in the autumn the rate of exchange fell considerably. This may be illustrated by the following figures, which show the rate of premium on New York funds: Jan. 21, 14 per cent.; March 31, 12½ per cent.; June 28, 13½ per cent.; December 14, 8⅞ per cent. On December 15, 1920, the Canadian dollar was worth 85.2 cents in New York. Last December 15, it was worth slightly over 92 cents. This fact of exchange was no doubt a stimulant to borrowing in New York last fall.

Domestic Loans

In 1920, when interest rates seemed so exorbitant, municipalities and provinces took it into their hands to do their own financing, and as noted in the last Annual, a considerable amount of local selling was accomplished.

During 1921, very little of this kind of business was done, notwithstanding the fact that for a good part of the year interest rates were at times rather prohibitive. The province of Alberta and western municipalities were the only significant events in this connection.

Western municipalities were in a good many cases practically compelled to make domestic loans, for there was virtually no market in the east, particularly for the smaller and less stable towns and villages. This was the outcome of several defaults, more especially in Saskatchewan, which naturally stirred adverse sentiment. The majority of school bonds and of securities of small towns and villages in Saskatchewan, were sold locally.

Irrigation Bonds

A new kind of bond made its advent in the Canadian

market last year, namely, irrigation, something like \$4,000,000 of these securities being sold, the cost to the borrower being about 6.48 per cent. When these bonds were first offered by the Lethbridge Northern Irrigation District, no response was made by investment houses, either here or across the line, in spite of the fact that the Alberta government had given a two-year interest guarantee. The sentiment towards irrigation bonds in the United States is by no means favorable, for there have been several defaults, and this was not doubt, the chief influence which affect this new offering.

When it was seen that the two-year interest guarantee did not have very much effect, the provincial government finally made a full guarantee, an act of legislature having been passed which also provided for a full guarantee of all irrigation and drainage bonds in the province, provided they were issued by a responsible and well-organized district.

With the full guarantee, it did not take long to dispose of the Lethbridge Northern Issue, and not only that, but the interest rate which was formerly set at 7 per cent., was reduced to 6 per cent.

Prospects for the New Year

The prospects for the New Year are a good and busy market. The provinces have a considerable amount of financing to do, particularly Ontario and Manitoba. It is reported on good authority that it will require ten million dollars to finance Manitoba farmers during 1922, as not more than 10 per cent., of the rural community received sufficient returns from their grain last year to pay for threshing, and freight charges on grain shipments. Ontario has several reunding operations to make, as have other of the provinces. These are just a few instances.

In addition the Dominion government will have to make a loan, of perhaps two or three hundred millions, for there is an issue of Victory bonds falling due, which will have to be refunded.

Corporation and Railroad Bonds

There was a big volume of corporation and railway securities. All of the railroad bonds were sold in the United States with the exception of a small block of Canadian Pacific Railway debenture stock which was sold in Great Britain.

The bulk of the Corporation bonds were sold in Canada while two small blocks were also sold in the United Kingdom. The total of railway and corporation bonds was considerably in excess of the figure for 1920.

On another page of this issue will be found details and summary of last years' bond sales, of all kinds and in all markets.

PRINCIPAL CANADIAN BOND SALES IN 1921

PROVINCES	Amount of Issue	Rate %	Term	Price Paid	Interest Basis	Purchaser	Sold in U.S.
January							
Ontario	\$10,000,000	6	20 years	96.787	6.28	A. Jarvis & Co. and Syndicate.....	.....
Saskatchewan	3,000,000	6	15 years	97.637	6.23	Dominion Securities Corp. and Syndicate...	.....
Alberta	2,000,000	6	15 years	96.21	6.39	Wood, Gundy & Co. and Syndicate.....	.....
Manitoba	2,000,000	6	10 years	101.11	6.85	W. A. Mackenzie & Co. and R. A. Daly.....	\$2,000,000
March							
British Columbia	2,000,000	6	5 years	103.77	6.15	Dominion Securities Corporation.....	2,000,000
Nova Scotia	1,500,000	6	5 years	102.987	6.30	National City Co. and Syndicate.....	1,500,000
Manitoba (farm ins.)	1,000,000	5	5 years	100.666	4.88	National City Co.....	1,000,000
April							
British Columbia	3,000,000	6	5 years	100.01	6.00	British-American Bond Corporation.....	3,000,000
Alberta	2,000,000	6	15 years	96.42	6.37	Dominion Securities Corporation.....	.....
Ontario	1,340,000	4½	40 years	*76.89	6.05	Wood, Gundy & Co. and A. E. Ames.....	.....
May							
Ontario	15,000,000	6	15 years	97.94	6.21	Wood, Gundy & Co. and Syndicate.....	.....
Manitoba	2,580,000	6	20 years	96.56	6.31	A. E. Ames & Co. and Syndicate.....	.....
Alberta (Irrigation)	2,400,000	6	30 years	93.71	6.48	Wood, Gundy and Dominion Sec. Corp.....	200,000
Manitoba	2,000,000	6	10 years	99.29	6.09	Wood, Gundy & Co.....	2,000,000
June							
Ontario (Hydro)	3,300,000	6	20 years	97.17	6.25	A. E. Ames & Co. and Wood, Gundy.....	.....
British Columbia	3,000,000	6	20 years	93.11	6.63	Wood, Gundy & Co.....	.....
New Brunswick	1,502,000	6	15 years	98.70	6.17	Harris, Forbes & Co., Inc.....	1,602,000
Quebec	1,000,000	5½	15 years	96.77	6.94	Rene-T. Leclerc.....	.....
Alberta	200,000	6	15 years	96.42	6.37	Dominion Securities Corporation.....	.....
July							
British Columbia	4,000,000	6	5 years	.....	.....	Miller & Co. and Syndicate.....	4,000,000
Alberta (Irrigation)	2,000,000	6	30 years	93.71	6.48	Wood, Gundy and Dominion Sec. Corp.....	.....
Alberta	2,500,000	6	serials	.....	.....	Wood, Gundy and Dominion Sec. Corp.....	2,000,000
August							
Saskatchewan	3,000,000	6	6 years	100.899	6.82	National City Co. and Syndicate.....	3,000,000

British Columbia	1,000,000	6	20 years	93.53	6.53	A. E. Ames & Co. and Syndicate	
Quebec	2,000,000	6½	15 years	100.00	5.50	Unknown	
Quebec	2,800,000	5½	15 years	100.00	5.50	Delivered to Universities	
September							
Ontario	15,000,000	6	22 years	98.84	6.28	A. Jarvis & Co. and Syndicate	
Ontario	15,000,000	6	22 years	108.900	5.53	H. A. Daly & Co. and Syndicate	15,000,000
Alberta	2,250,000	6	20 years	95.57	6.40	A. Jarvis & Co. and Syndicate	
Alberta	2,100,000	6	10 years	103.022	5.60	Guaranty Trust Co. and Syndicate	2,100,000
October							
Manitoba	3,725,000	6	25 years	106.750	5.50	Dominion Securities Corp.	2,725,000
British Columbia	2,000,000	6	25 years	95.39	6.37	A. E. Ames & Co. and Wood, Gundy	
British Columbia	2,000,000	6	20 years	104.851	5.61	Dominion Securities Corp.	2,000,000
Alberta	1,800,000	6	20 years	95.574	6.39	A. E. Ames & Co.	
Alberta	1,053,000	6	20 years	97.50	6.31	A. E. Ames & Co.	
Nova Scotia	1,800,000	6	15 years	106.173	5.39	McLeod, Young, Weir & Co.	1,800,000
Manitoba	1,000,000	6	25 years	106.750	5.50	Dominion Securities Corporation	
Prince Edward Island	125,000	6	10 years	99.199	6.11	A. E. Ames & Co.	
November							
Quebec	4,000,000	6½	15 years	97.82	5.75	Harris, Forbes & Co. and Syndicate	
Saskatchewan	5,000,000	6½	25 years	104.067	5.20	Wood, Gundy & Co. and Syndicate	5,000,000
Nova Scotia	558,000	6	20 years	98.70	6.11	W. F. Mahon & Co. and Syndicate	
Alberta	2,297,400	6	10 & 15 years	100.00	6.00	Locally during year	
December							
Alberta	700,000	6	20 years			First National Co.	700,000
Manitoba	100,000	6	10 years			Royal Securities Corp.	

PROVINCIAL TREAS. BILLS

January							
Manitoba	\$1,250,000	6	6 mos.			A. E. Ames & Co. and Syndicate	
March							
Ontario	5,000,000	6	6 mos.	99.53	6.98	A. E. Ames & Co. and Syndicate	
April							
Ontario	4,000,000	6	6 mos.	99.53	6.98	A. E. Ames & Co. and Syndicate	
Manitoba	2,500,000	6½		100.00	5.50	Canadian Bank	
July							
Ontario	15,000,000	6	6 mos.	99.827	6.35	Dominion Securities Corp. and Syndicate	
December							
Ont.	389,236	5 & 6	15-40 yrs.	99.85	5.89	McLeod, Young, Weir & Co.	

*Offering price.

MUNICIPALITIES

January							
Winnipeg	\$1,500,000	6	30 years	96.63	6.25	A. E. Ames & Co. and locally	
Halifax	325,000	6	10 years	96.86	5.42	Local Dealers	
February							
Toronto	5,037,000	6	30-yr. ser.	98.94	6.11	Local Syndicate	
Winnipeg	1,250,000	6	20 years	97.83	6.19	Wood, Gundy & Co.	
March							
Montreal (Prot. Sch.)	1,500,000	6	30-yr. ser.	97.884	5.20	Wood, Gundy & Co.	
Toronto (Sep. Sch.)	350,000	6	20 years	96.79	6.29	National City Co., Limited	
April							
Quebec	810,000	6	10 years	99.13	6.12	United Fin. Corp. and Syndicate	
May							
Greater Winnipeg Water	1,500,000	6	30 years	94.15	6.44	Dominion Securities Corp.	
Windsor, Ont.	625,230	6	20 & 30 inst.	94.846	6.56	A. Jarvis & Co.	
June							
Toronto	5,000,000	6	serials	96.38	6.34	National City Co. and Syndicate	
La Tuque, Que.	300,000	6	5 years	97.80	6.63	Municipal Debenture Corp.	
July							
Outremont, Que.	750,000	5½	10 years	94.15	6.30	Beausoliel, Limited	
St. Lambert, Que.	500,000	6	10 inst.	95.75	6.70	Versailles, Vidricaire & Boulais	
Calgary	100,000	6	3 years	97.00	7.10	Ross Alger & Co.	\$100,000
August							
York Township, Ont.	546,787	6	20 & 30 years	94.936	6.55	Wood, Gundy & Co.	
Three Rivers, Que.	322,600	6	10 years	97.81	6.30	Provincial Securities, Ltd.	
Halifax	350,000	6	10 years	96.56	6.46	J. M. Robinson & Sons	
Edmonton	2,500,000	7	20 years	93.00	7.70	Wood, Gundy & Co.	
September							
Toronto	10,000,000	6	30-yr. ser.	105.195	5.55	National City Co. and Syndicate	10,000,000
Toronto	5,000,000	6	30-yr. ser.	95.428	6.42	National City Co. and Syndicate	
Toronto (Harbor Comm.)	4,000,000	4½	32 years	82.03	5.73	R. A. Daly & Co. and Syndicate	4,000,000
Ottawa	1,808,759	6	various	106.356		Wood, Gundy & Co. and Syndicate	1,808,759
Regina	455,500	6	25 years	101.27	5.70	Wood, Gundy & Co.	455,500
Sherbrooke, Que.	309,000	6	10 years	98.00	6.25	Rene-T. Leclerc	
October							
Winnipeg	1,529,000	6	25 years	105.545	5.25	A. E. Ames & Co. and Syndicate	1,529,000
Montreal	700,000	6	10 years	98.447	5.21	Ames & Co. and Hanson Bros.	
St. John, N.B.	645,000	6	10 years	97.876	6.29	Royal Securities Corp.	
Regina	213,054	6½	80 years	102.69	6.30	Wood, Gundy & Co.	213,054
November							
Hamilton	1,222,439	5 & 6	various	93.903	5.87	A. E. Ames & Co. and Syndicate	
Windsor	915,437	5½ & 5	various	93.887	5.10	Wood, Gundy & Co.	
Montreal	1,250,000	5	5 years	98.89	6.31	National City Co., Limited	
St. Boniface	427,000	6	15 years	88.00	6.50	Miller & Co. and Syndicate	427,000

CORPORATION

					Offering Yield		
January							
Maritime Telegraph & Tel. Co.	\$500,000	7	25 years		7.25	Harris, Forbes & Co., Inc., and the Royal Securities Corporation	
Consumers' Glass Co.	550,000	5	15 years			Privately	
Port William Paper Co., Ltd.	1,000,000	8	serials		8.00	Peabody, Houtling & Co.	1,000,000
February							
Hew'd Smith Paper Mills, Ltd	1,000,000	7	20 years		7.90	Aldred & Co. and Associates	1,000,000
Spanish River Pulp & Paper Co., Limited	3,000,000	8	20 years		8.10	Royal Securities Corporation	
Abitibi Power & Paper Co.	4,000,000	8	10 years			Peabody, Houtling & Co.	4,000,000
March							
Fraser Companies, Ltd.	2,000,000	8	20 years		8.10	Royal Securities Corp. & United Fin. Corp.	
Clarke Bros. Paper Mills	1,250,000	7	15 years			John Stark & Co.	
P. T. Legare, Ltd.	1,200,000	7			7.00	Versailles, Vidricaire & Boulais	
West'n Quebec Power Co., Ltd	200,000	6½	10 years		8.25	Balfour, White & Co.	
April							
National Farming Machinery, Ltd. (1st mort.)	4,000,000	7	5 years		7.00	La Banque Nationale	
Brompton Pulp & Paper Co. (gen. mtge. conv.)	2,500,000	8	20 years			Greenshield & Co.	
Laurentide Power Co.	1,500,000	7	15 years		7.50	Sun Life Assurance Co.	
Laurentian Power Co., Ltd.	1,000,000	6	20 years		7.25		1,000,000
*Canada Land & Irrigation Co. (£300,000)	1,455,000	7			7.00		
May							
Lamontagne, Limited	500,000	7	serials			Versailles, Vidricaire & Boulais	
Canadian Salt Co., Ltd.	400,000	7	20 years			Royal Securities Corporation	

July	Shawinigan Wat. & Pow. Co.	2,500,000	6	29 years	....	6.75	Lee, Higginson & Co.	2,500,000
September	Mount Royal Hotel Co.	6,000,000	8	convertible	....	8.00	W. A. Mackenzie & Co. and United Hotels Co.	1,000,000
	Cedars Rapids Manufacturing & Power Company	1,000,000	5	40 years	....	6.25	Wood, Gundy & Co.	1,000,000
	Maritime Teleph & Tel. Co.	500,000	7	24 years	....	....	Royal Securities Corporation	....
October	Manitoba Power Co.	7,500,000	7	20 years	....	7.00	Nesbitt, Thomson & Co. and Associates	4,000,000
November	Canada Steamship Lines, Ltd.	3,609,200	7	10 years	100.00	7.00	Municipal Debentures Corporation	....
	Canada Steamship Lines, Ltd.	2,390,800	7	10 years	97.00	7.43	Shareholders	....
	Montreal Tramways Co.	1,750,000	5	....	....	....	Harris, Forbes & Co.	1,750,000
	Border Cities Hotel Co., Ltd.	850,000	7½	various	100.00	7.50	W. A. Mackenzie & Co.	....
	Pedlar People, Ltd.	500,000	8	various	100.00	8.00	Graham, Sansom & Co.	....
	St. John Dry Dock & Ship. Co.	392,825	5½	various	95.13	....	A. Jarvis & Co.	....
	Dominion Park Co.	150,000	7	15 years	....	....	National City Co.	....
December	Imperial Tobacco Co. of Can.	6,500,000	7½	convertible	....	....	Sold in Great Britain	....
	Benson & Hedges (Can.) Ltd.	960,000	8½	25 years	....	....	....	....

*Sold in London, England at par. Redeemable 1929 and 1933 at 100 per cent. premium.

RAILROAD

January	Grand Trunk Rly.	\$12,000,000	6½	15 years	....	7.00	Dillon, Read & Co.	\$12,000,000
July	Canadian Northern Rly.	25,000,000	6½	25 years	....	6.80	*Dillon, Read & Co.	25,000,000
September	Canadian National Rlys.	25,000,000	6	15 years	....	6.50	Dillon, Read & Co.	25,000,000
	Canadian Pacific Rly.	9,733,200	4	deb. stock	....	....	Sold in Great Britain	....
	Canadian Pacific Rly.	25,000,000	4	pf. deb. stk.	78.00	5.13	National City Co.	25,000,000

SUMMARY OF BOND SALES IN ALL MARKETS, 1908-21

Bonds	Sold in Canada	Sold in United States	Sold in Canada	Sold in United States	Bonds	Sold in Canada	Sold in United States	Sold in Canada	Sold in United States
	1920	1920	1921	1921		1920	1920	1921	1921
January	\$	\$	\$	\$	July	\$	\$	\$	\$
Government	....	8,950,000	16,250,000	2,000,000	Government	5,000,000	13,800,000	17,500,000	6,000,000
Municipal	3,404,077	....	5,754,000	....	Municipal	2,718,380	....	3,364,733	100,000
Railroad	....	7,500,000	....	12,000,000	Railroad	....	....	....	2,500,000
Corporation	650,000	....	2,050,000	....	Corporation	375,000	125,000	....	25,000,000
	4,054,077	16,450,000	24,054,000	14,000,000		8,093,380	13,925,000	20,864,733	33,600,000
February					August				
Government	500,000	2,498,000	....	....	Government	200,000	10,595,000	....	4,000,000
Municipal	1,413,405	2,275,000	9,660,503	....	Municipal	2,000,430	....	6,506,132	38,300
Railroad	....	....	4,000,000	4,000,000	Railroad	....	....	....	....
Corporation	160,000	....	....	....	Corporation	3,250,000	100,000	....	....
	2,103,405	1,773,000	13,660,503	4,000,000		6,350,430	10,695,000	6,506,132	4,038,300
March					September				
Government	....	14,850,000	6,000,000	4,500,000	Government	3,000,000	750,000	17,250,000	17,100,000
Municipal	6,659,566	1,987,000	5,671,037	....	Municipal	877,676	4,804,000	7,349,458	16,404,259
Railroad	....	24,000,000	....	....	Railroad	....	....	....	25,000,000
Corporation	1,115,276	....	4,925,000	....	Corporation	....	....	5,500,000	2,000,000
	7,774,842	40,837,000	16,596,037	4,500,000		3,877,676	5,554,000	30,099,458	60,504,259
April					October				
Government	2,000,000	8,300,000	9,840,000	3,000,000	Government	....	9,250,000	5,143,000	8,525,000
Municipal	4,962,308	....	3,202,877	....	Municipal	3,517,354	....	2,820,610	1,742,051
Railroad	....	....	....	....	Railroad	....	25,000,000	....	....
Corporation	1,975,000	9,750,000	10,458,000	....	Corporation	900,000	5,200,000	3,500,000	4,000,000
	8,937,368	18,050,000	23,500,877	3,000,000		4,417,354	39,450,000	11,463,610	14,267,054
May					November				
Government	2,800,000	9,500,000	19,680,000	2,300,000	Government	....	8,750,000	4,558,000	5,000,000
Municipal	915,715	....	4,699,526	155,000	Municipal	5,386,421	....	6,119,782	577,000
Railroad	....	15,000,000	....	....	Railroad	....	25,000,000	....	....
Corporation	4,000,000	1,000,000	1,000,000	....	Corporation	200,000	600,000	0,642,825	....
	7,715,745	25,500,000	25,379,526	2,455,000		5,586,424	34,350,000	20,620,607	5,577,000
June					December				
Government	3,000,000	2,000,000	7,500,000	1,502,000	Government	20,250,000	....	2,367,400	700,000
Municipal	3,949,411	200,000	6,092,406	....	Municipal	9,570,555	800,000	3,799,254	420,000
Railroad	....	....	....	....	Railroad	....	....	19,733,200	25,000,000
Corporation	1,000,000	4,000,000	....	....	Corporation	5,150,000	6,500,000	17,460,000	300,000
	7,949,411	6,200,000	13,592,406	1,502,000		134,970,555	7,300,000	23,389,854	26,420,000

		Government		Municipal		Railroad		Corporation		Totals	
Sold in		1920	1921	1920	1921	1920	1921	1920	1921	1920	1921
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Canada		36,750,000	106,118,400	66,305,391	65,340,318			18,775,276	11,867,825	101,830,667	213,336,543
United States		89,243,000	54,627,000	10,066,000	19,436,613	96,500,000	87,000,000	27,275,000	17,050,000	223,081,000	178,113,613
United Kingdom							9,733,000		2,418,000		12,151,000
		125,993,000	160,745,400	56,371,391	84,776,931	96,500,000	96,733,000	46,050,276	61,335,825	324,914,667	493,591,156

Year	Sold in Canada	Sold in United Kingdom	Sold in United States	Total	Year	Sold in Canada	Sold in United Kingdom	Sold in United States	Total
	\$	\$	\$	\$		\$	\$	\$	\$
1908	21,585,140	165,455,031	6,316,350	193,356,521	*1915	114,275,214	41,175,000	178,606,114	335,106,328
1909	60,433,964	194,356,788	10,367,500	265,158,252	*1916	102,938,778	5,000,000	206,943,764	356,883,542
1910	30,296,462	188,070,128	3,634,000	221,000,590	1917	546,330,714	5,000,000	174,708,365	726,039,079
1911	44,989,878	201,260,143	17,553,967	263,812,988	1918	727,446,361	14,600,000	33,310,000	775,356,361
1912	37,735,182	201,236,304	30,966,406	272,937,892	1919	705,385,419	5,105,133	199,446,670	909,937,222
1913	45,603,753	277,470,780	50,720,762	373,795,295	1920	101,830,667	....	223,081,000	324,911,667
1914	32,999,860	185,990,659	53,944,548	272,935,067	1921	213,326,513	12,151,000	178,113,613	403,591,126

**Included in this sum are \$8,000,000 of a total of \$50,000,000 Canadian bonds repurchased in United Kingdom since the war commenced to the end of 1916. The inclusion of the \$42,000,000 of unclassified repurchases brings the total of Canadian bond sales in 1916 to \$356,000,000.

*In the above tables it has been estimated that of the first Canadian war loan of \$100,000,000 in November, 1915, \$25,000,000 was sold in the United States; second loan of \$100,000,000 in September, 1916, \$30,000,000 in the United States; third loan of \$150,000,000 in March, 1917, \$25,000,000 in the United States; fourth loan (allotted) of \$400,000,000 in November, 1917, \$10,000,000 in the United States, fifth loan \$25,000,000 in the United States.

†Included in the December figure is the amount of domestic loans made during the year, totalling approximately \$7,000,000. As most of those loans were made over an indefinite period, it is not possible to classify by months. \$2,100,000 of Saskatchewan rural telephone bonds, the approximate amount sold during the year, is also shown in the December Municipal total.

Note.—In addition to the above loans, advances for war purposes have been made to Canada by the Imperial Government, and Canada has established credits here for the British Government. These loans are not included in the above figures.

‡ \$1,458,000 of Canada Land & Navigation Co. sold in U.K. C.P.R. deb. stock sold in U.K. \$960,000 Benson & Hedges (Can.) Ltd., sold in U.K.

STOCK OFFERINGS SCARCE LAST YEAR

A Contrast To 1920—The Effect of Economic Conditions—
Enterprise at Low Ebb.

AS FAR as new stock issues are concerned, 1921 has been void of any particular interest, unlike the previous year, when there was a flood of such securities, and a considerable number of capital adjustments. A feature of 1920 was the large number of preferred offerings by industrial companies, particularly pulp and paper, theatres, banks and public utility and other companies. But most of the new financing last year was in the form of bonds.

This is not very hard to understand in view of the circumstances. Nineteen-twenty was, practically speaking, a year of prosperity, as was the previous year, while 1921 was one of distinct reaction and uncertainty. Considering this fact in connection with the difference between bonds and stocks, explains the situation.

The bond is a mortgage, and the holder a secured creditor. If principal and interest are not paid, bondholders can foreclose. Bond principal and interest are prior charges on assets and earnings. On the other hand, stocks are equities. Shareholders are partners, not creditors. Their share is that part of the assets and earnings which are left after satisfaction has been made for bondholders or other creditors. Returns on stocks are likewise uncertain, fluctuating with industrial prosperity and depression.

It is quite apparent then that anyone with common sense who has any money to invest will choose that with the most tangible security behind it, and on this basis the stock naturally takes place, particularly stock of a new enterprise which has not yet approved itself. This seems to make it quite clear why 1921 did not see a very large number of stock issues, not forgetting the important fact also that enterprise is always at low ebb during depression to a degree correspondent to the reaction, consequently lowering the demand for new capital.

Preferred Issues

There were some stock issues, however, and these can be briefly reviewed as follows:—

English Electric Company of Canada, a subsidiary of the British enterprise of the same name, issued \$2,000,000 8 per cent., preferred stock to the Canadian public through the Canadian Debenture Corp., Ltd., at par, with a bonus of 40 per cent., common.

Anglo-American Motors, Ltd., issued \$4,500,000 8 per cent. cumulative preferred shares, the price being par, \$100, with a bonus of 40 per cent., common.

New Windsor Hotel Co., Ltd., \$1,000,000 8 per cent., cumulative, sinking fund. Underwriters, B. N. Rosenbaum, of New York and Montreal. Price, par (\$100), with bonus of one \$10 share of common.

Dupuis Freres, Ltd., \$1,500,000 8 per cent., cumulative callable preferred stock. Underwriters, Le Credit National, Ltd., Montreal.

Ames Holden Tire Company, Ltd., \$650,000 8 per cent., cumulative. Underwriters, Federal Finance Corp., Ltd., Toronto. Price, \$450 for four shares of preferred and one of common. Both preferred and common have a par value of \$100 each.

These are the principal preferred issues. Of course, there have been a few other small ones, some of which have no doubt been taken up without public offering.

Common Stocks

The following were the principal offerings of common stock to the public:—

New Windsor Hotel Company, Ltd., \$2,000,000. Underwriters, B. N. Rosenbaum & Company. Price, \$7 per share of \$10 par value.

Alberta Flour Mills, Ltd., \$2,500,000. Direct to public. Cosgrave Export Brewery Company, \$1,000,000. Sold through Montreal brokers at par (\$10).

Bell Telephone Company of Canada, \$5,725,000. To shareholders at par at the rate of one to every four held.

Canadian General Electric Co., Ltd., 18,000 new shares of common, being a bonus to shareholders.

Consumers Gas Company, Toronto, 12,786 shares, offered by Osler, Hammond and Company and the United Financial Corp., Ltd., at \$62.50 per \$50 share, to yield 8 per cent.

New Brunswick Telephone Company, \$200,000 of stock issued to shareholders.

Durant Motors of Canada, Ltd., \$750,000. Offered at \$10 per share, and is convertible at the option of the holder into capital stock of Durant Motors Incorporated, the parent company in the United States, on or after August, 1924, at \$30 per share for the parent company and par for the Canadian company.

Great West Bank of Canada, \$2,000,000, offered at \$125 per \$100 share.

SOME ANOMALIES IN MUNICIPAL GOVERNMENT

Will of the Majority Does Not Always Rule in Civic Affairs,
as It Does in Dominion and Provincial Arenas

By HARRY BRAGG

THERE are two rather curious anomalies in the municipal field which prevent the good working of the municipal machinery to a certain extent. A very general claim is that we, in the British Empire, enjoy that blessing of democracy, and that "The Majority always governs." The accepted rule in all elections, Federal, Provincial and Municipal, is that those who carry on the functions of governing, are representatives of the majority of those who are governed.

Lately, some new ideas have been imported from across the line, such as Proportional Representation, the Referendum and the Recall. And it may be noted that the archaic machinery of elections in the "Land of Liberty" is largely responsible for an earnest desire for improvement. It should also be remarked that the cures for diseases are not necessary when the diseases do not exist. Some would-be progressive people grasp at new ideas, without considering whether they are necessary, or even advisable, under other conditions.

Majority of Voters

However, in the main, the will of the majority does prevail in the Federal and Provincial elections. That is, the will of the majority of those citizens who are sufficiently patriotic to do their duty, and record their votes. As to those lazy and careless citizens who do not vote, they certainly do not deserve any representation at all.

But in municipal elections, a very hard and fast line is drawn, as to who shall vote; and the right to vote is not dependent upon residence, or ownership of property, but upon having paid the current taxes, if the voter is a proprietor. That is to say, that the right to vote may be cancelled, and is in most cases, if the taxes due are not paid.

The argument in favour of such a law is a valid one. It is that the municipality has to provide certain things for the property owners, which cost money, and that the said owner is bound to pay his share of the expenses incurred by the municipality. Further, if the owner has not paid what is due from him, he is not entitled to choose who shall manage the expenses of his municipality.

How It Operates

This, on the face, is very proper, but how does it work out?

An owner may have half a dozen tenants, who are all in arrears in paying their rent to him. As a consequence, he cannot pay his taxes. But the tenants, by paying their water rate to the municipality, are entitled to vote, and help to choose the men who are to administer the finances of the municipality in which their landlord has to pay taxes.

An extreme case would be that in which the tenants, who have no permanent interest in the place, have the preponderance of the voting power, because the proprietors,

who are permanently interested, are in arrears with their taxes, and are consequently disfranchised.

A case in point exists within a short distance of Montreal.

A large number of the proprietors in this municipality are working men, who have saved up sufficient money to buy a lot on time, and have secured lumber on the same terms, and utilize their leisure in building—not a house, but a home. Owing to the hard times, many of these men are behind in their taxes, and are, therefore, unable to vote. So the real estate dealers, and similar temporarily interested voters, control the situation. And as a result, the Council of that municipality does not represent the majority, but only a majority of a small minority of the proprietors.

Not Rule By Majority

This municipality is certainly not governed by the majority.

Another curious situation is found not far away from that already noted.

In a certain municipality contiguous to the "Commercial Metropolis," there has been a good deal of the real estate development which has been such a curse in many parts of the Dominion. The smooth-tongued salesmen got people to believe that the lots they were selling would be actually sold again at many times the original price. So many invested—or rather, gambled—and bought lots, not to build on, but to sell again later on. Of course, as in other places, these lots have never risen to the fabulous prices that the salesmen promised, and the owners have had to keep paying interest, without any return, or chance of disposing of them.

But quite a few lot owners built their own houses, and went to live in the town, getting out of the overcrowded city into comparative country.

Needless to say, the house builders found that the taxes on the property they had thus improved for the Town, as well as for themselves, were very much higher than the taxes on the vacant lots, held by the speculative buyers. And in some cases, while the speculators were able to pay the trifling tax on vacant property, the house owners were too hard pressed to do so.

Consequently, the land speculators were in a majority at the last election, and the Mayor was elected—not by his resident fellow citizens—but by what have been termed the "land sharks," whose only aim is to get the Town into such a shape as makes it easy for them to sell and get out. As a matter of fact, while the majority of the Mayor at the election was 17, the vote in the residential polls was more than one hundred against him.

Is it not an anomaly that the men who govern, and finance any place should be elected by the land speculators, and not by those who have helped to build up the municipality?

FIVE DECADES OF BORROWING IN BRITAIN

Canada's Credit In London Was Always Good, And Two And One-Half Per Cent. Bonds Were Floated In 1897.

By J. DOWER

WILL Canada be a borrower in the London market during 1922? This query brings forth many interesting thoughts, but was evoked by the financial needs of the Dominion Government during the coming year, as well as by the various borrowings by the Australian and South African Governments during the past months in London.

In anticipating the Finance Minister's reply to such a query many factors have to be borne in mind, such as the exchange problem, the actual state of the London, New York, and also the Canadian bond markets, and again that British slogan which is being given prominence, namely, "Trade should follow the Loan."

Outstanding Debt in London

These factors make a review of Canada's British borrowings timely. First, then, what is the outstanding debt in London? In the year 1868 the total was \$67,000,000, this had reached at the outbreak of war in 1914 the sum of \$319,000,000, and to-day stands at \$336,000,000. In 1914 the

Dominion funded debt payable in London was practically the sum total; to-day it constitutes less than one-sixth of the debt.

Now as to the actual borrowings, during the first five years of Confederation there were only the following loans:

1869, \$7,300,000 4% Intercolonial Railway, guaranteed.
1869, \$2,433,333 5% Intercolonial Railway, unguaranteed.

The next ten years saw five loans floated as follows:

1874	\$19,466,666	4%
1875	4,866,666	4%
1876	12,166,666	4%
1878	14,600,000	4%
1879	14,600,000	4%

This last loan was marketed at the rate of £95 1s 10½d.

Decline in Interest Rates

Canada now begins to enter a very interesting period in her borrowings. The report of the finance department referring to the loan of 1884 states this was the first loan floated by a British Dominion at the low rate of 3½%. The price obtained for this loan was £91 1s 8d. For the 1885 4% loan the average price received was £101 1s 8½d. Then in 1888 Canada was again the first Dominion to receive a lower rate of interest, this being 3%, and the average price £95 1s 10d, the total subscription for the £4,000,000 issue being £12,000,000. The loans in 1892 realized £92 10½d. During 1894 the B. C. loan, the last of Government loans prior to Confederation, was redeemed. In 1894 also, for the £2,250,000 3% loan, 566 tenders for £11,294,222 at average rate of 97.92 were received. This loan surpassed any previous issue in point of value received and number of tenders. The loans from 1884 to 1894 were as follows:

1884	\$24,333,333	3½%
1885	19,466,666	4%
1888	19,466,666	3%
1892	18,250,000	3%
1894	10,950,000	3%

In October, 1897, Canada for a third time was the first overseas British Dominion to receive lower interest rates and to issue a loan at 2½%, and £91 10s 5d was average price realized for a loan of \$9,733,333. Ten years elapsed before the next public Government offering, this was in 1907. The loans from that date to the outbreak of war were as below:

1907	\$ 7,300,000	4%
1908	14,600,000	3½%
1908	24,333,333	3¾%
1908	24,333,333	3½%
1909	29,200,000	3¾%
1909	31,633,333	3½%
1910	19,466,666	3½%
1910	24,333,333	3½%
1912	24,333,333	3½%
1913	14,600,000	4%
1913	19,466,666	4%
1914	24,333,333	4%
1914	24,333,333	4%

In the next year two visits were made to the London market, the amounts of the loans were:

1915	\$11,193,333	4%
1915	24,333,333	4½%

End of Borrowings

This was the end of Canadian governmental public offerings in the London market. Of this stoppage Sir Thomas White says: "By June of 1915 exchange had become unfavorable to London, and the problem of how to find funds to continue to purchase in constantly increasing amount in the United States and Canada became a very vital one for the British Treasury. It was this which led later on to the issues of British loans in New York and to the successive war loans in Canada."

It should be noted the total amount of all these loans was less than \$500,000,000, which makes the war financing of the Dominion stand forward as a remarkable achievement.

Money for industrial companies is being obtained again in the London market by Canadian financiers. The Dominion Government's excellent credit standing will serve her in good stead whenever the stars are propitious for the commencement of another Canadian governmental borrowing era in London, the world's money market.

New Companies Incorporated in 1921

Total for First Eleven Months Represents Authorized Capital of \$778,173,149—Only Six With Capital of Ten Millions Or Over, Against Twenty in Same Period Last Year

AUTHORIZED capital of \$778,173,149 is represented by new companies incorporated in the first eleven months of 1921, according to The Monetary Times' estimate. Companies with Dominion charters constitute \$335,854,650, or about 45 per cent of the total. Ontario claims about 30 per cent.

The following table gives the details for the eleven months;—

Dominion	\$335,854,650
Alberta	17,958,000
British Columbia	74,997,000
Manitoba	32,942,000
New Brunswick	1,135,100
Ontario	239,700,585
Prince Edward Island	600,000
Quebec	69,495,499
Saskatchewan	5,490,500
Total	\$778,173,149

There were only six with a capital of \$10,000,000 or over, against twenty during the first eleven months of 1920. The 1921 list is as follows:—

Southern Alberta Oils, Ltd., Calgary, \$10,000,000; Harrison Lumber & Pulp Co. Ltd., Vancouver, \$15,000,000; Bathurst Co. Ltd., Bathurst, \$15,000,000; J. R. Booth Co., Ottawa, \$10,000,000; International Oilfields Mining & Refining Co. Toronto, \$3,000,000; Canadian International Paper Co., Three Rivers, \$20,000,000.

Million Dollar Companies

Below is given a list of the companies with capital of \$1,000,000 and over, arranged by cities;—

ALBERTA

Calgary.—Royalite Oil Co. Ltd., \$1,000,000; Canadian Coin Locker Co. Ltd., \$1,500,000; Mount-Stuart Oil Co. Ltd., \$1,250,000; Southern Alberta Oils, Ltd., \$10,000,000.
Edmonton.—Fort Norman Oil & Development Co. Ltd., \$1,250,000; Heart, Stoker Co. Ltd., \$2,000,000; Luscar Collieries, Ltd., \$1,000,000.
Medicine Hat.—Alberta Foundry and Machine Co. Ltd., \$1,000,000.

BRITISH COLUMBIA

Ainsworth, B.C.—Lakeshore Mining Co. Ltd., \$3,000,000.
Nanaimo, B.C.—Western Fuel Corp. of Canada, Ltd., \$5,000,000.
New Westminster, B.C.—Abernethy Loughheed Logging Co. Ltd., \$1,000,000.
North Vancouver.—Burrard Dry Dock Co. Ltd., \$1,000,000.
Vancouver, B.C.—Harrison Lumber & Pulp Co. Ltd., \$15,000,000; Prince Rupert Pulp & Paper Co. Ltd., \$1,000,000; S. Saskin & Co. Ltd., \$1,000,000; Albion Oil Co. Ltd., \$3,000,000; Sheep Creek Consolidated Mines, Ltd., \$1,000,000; Gasso-Miller, Ltd., \$1,000,000; P.M. Oil Co. Ltd., \$1,000,000; Canadian Farm Implement Co. Ltd., \$1,000,000; Mainland & Island Lumber Co. Ltd., \$1,000,000; Consolidated Bond & Mortgage Co. Ltd., \$1,000,000; B.C. United Oil Co. Ltd., \$1,000,000; Consolidated Buthion Hydraulic Mining Co. \$5,000,000.
Victoria, B.C.—Rifther Consolidated, Ltd., \$1,500,000.

MANITOBA

The Pas, Man.—British Canada North Exploration & Development Co. Ltd., \$1,000,000.
St. Boniface, Man.—International Tractor Co. Ltd., \$1,000,000.
Winnipeg, Man.—Childs Co. of Manitoba, Ltd., \$1,000,000; Prairie Cold Storage Corp. Ltd., \$2,000,000; Parker Motor Car Co. Ltd., \$10,000,000; Mutual Supply, Ltd., \$1,000,000; Northwestern Construction Co., \$1,000,000; Point du Boie Mining & Development Co., \$1,000,000; Union Liberty Co. Ltd., \$1,000,000; Western Packers, Ltd., \$1,000,000; Mutual Oils Consolidated, Ltd., \$3,000,000; Canadian Mining & Leasing Corp. Ltd., \$5,000,000.

NEW BRUNSWICK

Bathurst, N.B.—Bathurst Co. Ltd., \$15,000,000.

ONTARIO

Aylmer, Ont.—Orange Crush Bottlers, Ltd., \$2,000,000.
Bowmanville, Ont.—Feldspar Glass, Ltd., \$1,000,000.
Brantford, Ont.—Dominion Steel Products Co. Ltd., \$3,000,000.
Colball, Ont.—Lebel Lode Ltd., \$2,000,000.
Dunnville, Ont.—Universal Casket Co. Ltd., \$2,000,000.
Essex, Ont.—Essex Truck & Tractor Co. Ltd., \$1,000,000.
Hamilton, Ont.—F. W. Fearman Co. Ltd., \$1,000,000; Star Securities, Ltd., \$1,000,000; Peninsular Cord Tire & Rubber Co. Ltd., \$1,000,000;

Hamilton Products, Ltd., \$1,500,000; Walter Woods, Ltd., \$1,250,000; Hamilton Finance Corp. Ltd., \$1,000,000; Beaver Truck Corp. Ltd., \$1,500,000; Eagle Securities, Ltd., \$3,000,000.

Kitchener, Ont.—Dumarta Packing Co. Ltd., \$1,000,000; Kitchener Finance Corp. Ltd., \$1,000,000; Salts & Chemicals, Ltd., \$2,500,000.
Queen-Label Gold Mines, Ltd., \$2,000,000.

Leamington, Ont.—Diamond Tobacco Co. Ltd., \$1,000,000.

Leaside, Ont.—Durant Motor Co. of Canada, Ltd., \$2,000,000.

Little Current, Ont.—La Cloche Island Co. Ltd., \$1,000,000.

London, Ont.—London Motors, Ltd., \$1,000,000; Silverwood's Ltd., \$1,000,000; Car Owners' Garage Co., \$1,000,000; London Finance Corp. Ltd., \$1,000,000; Producers Terminal Co. Ltd., \$1,000,000.

Orillia, Ont.—Schmick Gear & Screw Co. of Canada, Ltd., \$1,000,000.

Ottawa, Ont.—J. H. Booth Co., \$10,000,000; New Northwest Corp. Ltd., \$6,775,000; Edwards Lumber & Pulp Ltd., \$2,000,000; A. J. Freeman, Ltd., \$1,500,000.

Paris, Ont.—Bishop—Blaney Corp. Ltd., \$5,000,000.

Pembroke, Ont.—Canadian Match Co. Ltd., \$1,000,000.

Peterboro, Ont.—Central Ontario Oil Fields Ltd., \$1,000,000.

Preston, Ont.—Geo. Pattinson and Co. Ltd., \$1,000,000.

Sarnia, Ont.—Sarnia Finance Corp. Ltd., \$1,000,000.

Shelburne, Ont.—Chamberlain Coal & Oil Development Co. \$2,000,000.

Toronto, Ont.—Turnbull Elevator Co. Ltd., \$1,000,000; Hugh C. Mac-

Lean Ltd., \$1,000,000; Scotia Trading Corp. Ltd., \$2,000,000; Canadian

Vitix Feed & Milling Co. Ltd., \$1,000,000; Steel Realty Development

Corp. Ltd., \$1,000,000; Thermofush, Ltd., \$1,000,000; Drifting Sand

Filter Co. Ltd., \$2,000,000; T. H. Hancock Co. Ltd., \$1,000,000; Fort

Norman Oil Co. Ltd., \$3,000,000; Middlesex & Dover Oil & Gas Co.

Ltd., \$2,000,000; Dominion Combining Mills Ltd., \$2,500,000; Glen Motors,

Ltd., \$1,000,000; Waltham Motors of Canada, Ltd., \$1,000,000; V. D. I.

Hubber Corp. Ltd., \$1,000,000; Mount Eagle Feldspar Co. Ltd., \$1,000,

000; Turn-o-Stop Manufacturing Corp. Ltd., \$1,000,000; Solidard Co.

Ltd., \$1,000,000; Jack Frost Ice Machine Co. Ltd., \$1,000,000; Kemp

Metal Auto Wheel Co., \$1,000,000; Hargrath & Sons, Ltd., \$1,000,000;

National Co-operation Co. Ltd., \$1,000,000; Interlocking Cord Tire &

Belt Co. Ltd., \$5,000,000; Reflector Light Co. Ltd., \$1,000,000; R. L. Raker

& Co. Ltd., \$1,000,000; E. & S. Currie, Ltd., \$1,000,000; Flexoil Trans-

missions, Ltd., \$1,000,000; Taylor Rubber Co. Ltd., \$1,500,000; Canadian

Automatic Barrel Machinery Co. Ltd., \$1,000,000; Bancroft Marbles,

Ltd., \$1,000,000; Highway Lighthouse Co. Ltd., \$1,000,000; Gary Motor

Truck Corp. of Canada, \$1,500,000; United Cigar Stores, Ltd., \$5,000,

000; Miller Florists, Ltd., \$1,000,000; Sumbling Machinery Co. Ltd.,

\$1,000,000; Baffle Trading Co. Ltd., \$1,000,000; Toronto Finance Corp.

Ltd., \$2,000,000; Dominion Finance Guaranty Corp. Ltd., \$1,750,000;

Canadian Securities & Land Corp. Ltd., \$2,000,000; London Canadian

Corp. Ltd., \$1,000,000; Northrop Strong Securities, Ltd., \$5,000,000;

Adams Mortgage Investments Ltd., \$1,000,000; Realty Mortgages, Ltd.,

\$1,000,000; Siskelinka Divide Mines, Ltd., \$3,000,000; Turrell Mines

of Porcupine, Ltd., \$2,000,000; Majestic Gold Mines Ltd., \$1,000,000;

Allied Porcupine Gold Mines, Ltd., \$5,000,000; Malsonville Mining Co.

Ltd., \$2,500,000; West-Beaumont Gold Mines, Ltd., \$2,000,000; Renfrew

Mines, Ltd., \$1,000,000; Comfort Kirkland Mines, Ltd., \$1,500,000;

Abrams West Columbia Oil Co. Ltd., \$1,000,000; South Kears Mines,

Ltd., \$3,000,000; Two-in-One Gold Mines, Ltd., \$5,000,000; Petroleum

Corporation of Fort Norman, Ltd., \$1,000,000; American Matchewyan

Gold Mining Co. Ltd., \$1,000,000; Universal Coal Mines of Canada Ltd.,

\$1,000,000; British Canadian Petroleum Co. Ltd., \$1,000,000; Blair

Porcupine Gold Mining Co. Ltd., \$2,000,000; International Oilfields Mining

& Refining Co. \$3,000,000; Mars Mines, Ltd., \$3,000,000; Triplex Gold

Mines, Ltd., \$5,000,000; Sanderson Kirkland Gold Mines, Ltd., \$2,000,

000; Holtvrex Gold Mines, Ltd., \$3,000,000; Almont Gold Mining Co.

Ltd., \$1,000,000; Kirkland Motherlode, Ltd., \$2,500,000; Matheson Gold,

Ltd., \$2,000,000; Penninsular Gold Mines Ltd., \$1,000,000; McEwen

Gold Mines, Ltd., \$3,000,000; Porcupine Davidson Gold Mines, Ltd.,

\$1,000,000; North Trail Gold Mines, Ltd., \$2,000,000; Porter Gold Mines,

Ltd., \$2,500,000; St. Anthony Gold Mines Ltd., \$3,000,000; Coldwin

Mines, Ltd., \$2,000,000; Burnand Gold Mines Ltd., \$2,500,000.

Windsor, Ont.—New Windsor Hotel Co. Ltd., \$1,000,000; Colonial

Motors, Ltd., \$1,000,000; Modern Builders, Ltd., \$1,000,000.

QUEBEC

Drummondville, Que.—Dominion Silk Dyeing & Finishing Co. Ltd., \$1,000,000.

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boddy Securities Corp. Ltd., \$1,000,000; I. H. Timmins Inc., \$2,000,000;

N. A. Timmins, Inc., \$5,000,000; Pembroke Lumber Co. Ltd., \$2,000,000;

Cosgrove Export Brewery Co., \$1,000,000; Supercharge Engine Co.

of Canada Ltd., \$2,000,000; F. G. M. Cape & Co., \$1,000,000; J. M. Wilson

Co. Inc., \$1,500,000; Holland Varnish Co. Ltd., \$1,000,000; Mount Royal

Milling & Manufacturing Co. Ltd., \$1,000,000; International Film Trad-

ing Corp. Ltd., \$1,000,000; Business Directory Services Ltd., \$2,000,

000; Red Star Refractories, Ltd., \$3,000,000; Glass Casket Co. Ltd., \$2,

000,000; Belgian Industrial Co. Ltd., \$1,000,000; Intern. Coal & Aero

Corp. Ltd., \$1,000,000; Montreal Hippodrome Co. Ltd., \$2,000,000; P.E.T.

Railway Equipments, Ltd., \$1,000,000; Central Coast Rice Petroleum

Co. Ltd., \$1,000,000; Dupuis Freres Ltd., \$1,000,000; International Mach-

inery & Supply Co. Ltd., \$1,000,000; Home Industries Co., Ltd.,

\$1,000,000; Molybdenite Reduction Co. Ltd., \$2,000,000; Sea Sled Co.

Ltd., \$1,000,000; Lake Fortune Mining Co. Ltd., \$1,000,000; Petroleum

& Transport, Ltd., \$3,000,000; Eastern Townships Smelting and Re-

fining Co. Ltd., \$2,000,000; St. Maurice Power Co. Ltd., \$5,000,000;

Moses Vineberg Investment Corp., \$1,500,000.

Quebec, Que.—Fug Jullien & Co. Ltd., \$1,500,000; St. Lawrence

Lumber Co. Ltd., \$1,000,000; Clarke Steamship Co. Ltd., \$1,000,000;

Webster Financial Corp. Ltd., \$1,000,000.

Three Rivers, Que.—Canadian International Paper Co., \$20,000,000;

Regent Securities, Ltd., \$1,000,000.

Canada's Relations With United States

Features of Past Year Have Been Decrease in Volume of Trade, United States Emergency Tariff, Sale of Securities There, and Partial Recovery in the Exchange Situation—Trade Figures are Misleading

BY A. G. SCLATER.

MARKED progress has been made during the past year in the direction of restoring to a condition closer to what may perhaps be considered normal, the fundamental factors which govern the commercial and financial relations of the United States and Canada. While many obstacles still prevent the restoration of that degree of commercial intercourse to which American and Canadian business had become accustomed prior to 1914, sufficient progress has been made during the past six months to warrant the belief that further gradual improvement is likely to occur during the year 1922.

Features of the Year

The salient features of the history of trade and financial relations between Canada and the United States during the past twelve months may be summarized as follows:

(1) Marked decrease in the total volume of Canadian-American trade as a whole. This decrease affected both American exports and imports alike, although the decrease was more marked in the case of the former than of the latter. The general effect of this decrease in exports has been a distinct decrease in the adverse trade balance of Canada in the United States. This fact has had its effect on the status of the Canadian dollar in the United States and has of course played an important part in fortifying Canada's general position in the field of foreign trade.

(2) The enactment of a special piece of tariff legislation by the United States, imposing heavy duties on imports of food products. This piece of class legislation, ostensibly enacted to protect the American farmer against foreign competition, was put into effect on June 1, and resulted during the closing six months of the year in a very marked curtailment of Canada's exports of cattle and foodstuffs to the United States. But while considered en masse Canadian exports of foodstuffs to the United States were curtailed by this Emergency Tariff Act, in spite of the fact that it imposed heavy duties on both Canadian wheat and Canadian flour, it did not prevent a heavy increase in Canadian wheat exports to the United States and the continuance of sufficient trade in flour to impel American millers to demand further protection from Congress.

(3) The sale of an unusually large volume of Canadian bonds in the United States. Almost simultaneously there occurred an equally unusual degree of investment in Canadian internal bonds by American investors.

(4) Partly due to the improvement in the Canadian trade balance in the United States, partly to the large investment in Canadian securities which occurred during the closing six months of the year a marked improvement occurred in the status of the Canadian dollar in the United States. At the close of the year the discount on the Canadian dollar in the United States was considerably smaller than it was at the close of the previous year. Not only was this the case, but the Canadian exchange market during the greater part of the year was in a more stable condition than it had been in 1920.

Decrease in Trade

The decrease which occurred in the volume of Canadian-American trade during the year, while partly the result of the discount on the Canadian dollar in the United States, and partly the result of the special measures taken by the late Dominion Government to restrict importations from the United States, was largely the result of the industrial depression, affecting both city and country alike, which held both countries in its grip for the greater

part of the year 1921. Then most American exporters to Canada found that the Made-in-Canada movement was a more important factor in 1921 than it was in 1920. Patriotism and self-interest they found alike induced a larger number of Canadian importers to refuse to buy in the United States.

Yet in spite of the difficulties which faced the American exporter to Canada, American exports held their own surprisingly well. While physically and in terms of dollars and cents, they were smaller than in 1920, when allowance is made for the very marked price declines which occurred during the year, the total exports to Canada from the United States compared favorably with former years and were in fact much larger than in pre-war days. The decrease which did occur affected virtually every product which Canadians are in the habit of buying in the United States. Corn was one American product which proved an exception. During the ten months ending October the United States exports of corn to Canada were much larger both in volume and in value than they were during the same ten months of 1920.

Figures Misleading

But the unreliability of any conclusions regarding the volume of American exports to Canada based upon a mere comparison of the statistics for 1920 and 1921 found in the Government bluebooks, may be seen from the following analysis of the United States exports to Canada during the twelve months ending August 1920 and August 1921. During the twelve months ending August 31, 1921, the United States exported to Canada goods valued at some \$220,000,000 less than it did during the same twelve months of the previous year. A comparison of the imports totals for these same two periods reveals the fact that a drop of some \$50,000,000 also occurred in imports. But if the price decline which affected both exports and imports during the intervening months is taken into consideration, the decline in both cases seems less serious.

Index numbers based upon the average price of twenty-four of the principal commodities imported by Canada during the five-year period ending 1913, indicate that import prices dropped most emphatically in the twelve months period between August 31, 1920, and August 31, 1921. On the first of September, 1920 the import price index was 253.68; in September of this year it was 147.92. An almost equally heavy drop occurred in export prices. In September, 1920, for instance, the export price index number was 246.53. This year it was 159.26. The price drop in the case of Canadian imports was thus approximately 41 per cent. and in the case of exports about 34 per cent.

If allowance is made for these price changes, it will be found that while apparently both imports and exports are much smaller than they were in 1920, actually the decline has not been so great as the statistics given in the Government publications of both Canada and the United States would indicate. Not only this, but after making proper allowances for differences of price, we compare the statistics for 1921 with pre-war totals we shall find that the actual volume of Canada's trade with the United States is much greater than it was prior to 1914.

The Emergency Tariff

After the amount of publicity which has been given to the American Emergency Tariff in Canada it seems hardly necessary to discuss either the political policy which gave it birth or the effect it has had on the market for Canadian cattle and foodstuffs in the United States.



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Suffice it is to say, even after allowing for the fifty per cent decrease which occurred in Canadian export prices during the past twelve months, Canada's exports of the products affected by the Emergency Tariff were almost fifty per cent less in the five months ending October 31, 1921, than they were in the same five months of 1920. The only thing which prevented the decrease being even greater was the fact that during the first four months of the period of 1921 under discussion wheat exports from Canada to the United States held up remarkably well.

Canada's pulp and paper export trade with the United States has like its foodstuff trade been the victim of unusual conditions. In the course of the year it has increasingly shown the effects of overseas competition, particularly that of Germany, Norway and Sweden. The American imports of both newsprint and pulp from these countries grew steadily during the year, apparently to some extent at least at the expense of the Canadian producers. This growth was favored in the case of Germany by the low price of the German mark in the United States and the fact that for at least a part of the year the German manufacturers were in receipt of subsidies from their Government. They were thus able to lay newsprint down in New York for approximately \$20, a ton and sulphite for about \$14, a ton. The effect of this kind of competition combined with a general curtailment of the use of newsprint to affect materially the volume of pulp and paper imports.

Investment Situation

The large volume of American money which found its way during the year into Canadian external and internal bonds, should be particularly gratifying to Canadians. During the ten months ending October 31, 1921, over \$138,000,000 of Canadian bonds were sold in the United States at prices which were in many cases better than could have been obtained in Canada. The principal borrowers were the provincial governments and the municipalities.

While the strong market which existed in the closing months of the year for Canadian bonds was due to the fact that the Canadian bond market failed to keep pace with the improvement which occurred in the American market and partly to the moral effect of the very considerable rise which occurred in the value of the Canadian dollar in the United States between January first and September first, the investment of such large amounts of American money both here and in Canada in gilt edged Canadian securities had of course its effect on the value of the Canadian dollar here and the course of the Canadian exchange market.

The improvement of the Canadian exchange market was marked during the year, particularly in September, October, November and December. The average rate of discount month by month was considerably lower than it was during 1920. While the discount in January went as high as fifteen per cent, it only touched this level once. In August, September, October, November and December, (up to the fifteenth of the month) the general level of the daily quotations was much lower than it was during the same five months of the previous year in spite of the fact that apparently so far as Canadian exports of grain were concerned conditions were much less favorable to the Canadian dollar in the United States.

Exchange Rates

The improvement that has occurred so far as the Canadian exchange market is concerned may be illustrated by comparing the discount on the Canadian dollar in December 1920 and that quoted in December 1921. On December 15, 1920 the Canadian dollar was worth 85.2 cents in New York City according to the records of the New York Times. On December 15, 1921, it was worth slightly over 92 cents.

And while speaking of the Canadian exchange market, mention should be made of one unexpected result of the American exporter's desire to take advantage in every

way of the discount on the Canadian dollar in the United States. This desire expressed itself in American shippers routing through the port of Montreal, the greatest volume of American corn and wheat which ever passed through that city. Thus in a way, in one instance at least, the exchange situation did not work to the disadvantage of Canada.

So much for the past year. What of the future?

If ever the role of the prophet were a dangerous one, it is so today. In this particular case, the would-be prophet is confronted not only by the uncertain future of international trade as a whole but by the fact that in neither Canada nor in the United States can one state with any certainty what will be ultimate attitude of the Government of the one country toward the trade of the other. One is thus confronted by not only the uncertainties of the business future but by the uncertainties of the political future in two countries.

Perhaps the best way to pass safely the fog of uncertainty which obscures our view of the immediate future of American-Canadian trade and financial relations, is to adopt the faith in the future relations of the two countries which American investors have shown in the past year by buying \$138,000,000 of Canadian bonds.

CANADA'S FINANCIAL POSITION SUMMARIZED

Prominent Financier Takes Optimistic View of This Country's Prospects—European Nations in Bad Condition

A SUMMARY of the financial position of Canada at the present time was presented by J. H. Gundy, of Wood, Gundy and Co., Toronto, in an address in Toronto on Nov. 2. Mr. Gundy pointed out that those who expected lack of money to stop the war were wrong in their forecasts. So far as money was concerned, the various contests might have been carried on much longer, had the fighting not been brought to an end by the defeat of Germany.

Money was obtained, he said, by the inflation of national currencies, and though these now rise in value as deflation goes on, the process is slow and protracted in proportion to the inflation. The currency of the United States, being on a real gold basis, was the only one that did not fluctuate. German currency was inflated by successive issues of paper money skilfully announced from time to time. In this way great acquisitions of real wealth were made by Hugo Stinnes and others, while the wages of Labor were reduced in purchasing power with each output of currency. That remained meanwhile unchanged in denomination.

Inflation of currency was automatic under certain financial conditions, Mr. Gundy said, and there was still some of the war period inflation existing in both Britain and Canada. One cure for this was a high rate of interest charged by the banks, making money too costly to obtain, and thus tending to prevent expenditures that were not industrially profitable and could be deferred without inflicting any injury. Borrowing to excess for unproductive expenditure had the same effect on economic conditions as the inflation of currency.

In conclusion, Mr. Gundy described Canada's financial position as perfectly sound, and as likely to remain so if certain precautions were observed in the matter of expenditure of capital. Mr. Gundy based his conclusions on the fact that the national revenues for two years, ending September, 1921, showed a surplus of \$133,000,000. For the fiscal year ending September, 1920—Canada's big importing year—the surplus was \$67,000,000, and a surplus of \$66,000,000 was met in the fiscal year just ended. Then again, said Mr. Gundy, current bank loans had decreased by nearly \$200,000,000, in the past year, while savings deposits had actually increased by \$10,000,000.

He thought that crop prospects occasioned no alarm and said the Dominion had a favorable trade balance of \$70,000,000 for the year ending last September as opposed to an unfavorable balance of \$116,000,000 in the previous year.

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Growth of Population Has Been Disappointing

Census Returns Indicate Increase Has Been Little More Than Normal—Land Grants and Their Influence in Bringing New Settlers to Canada—Significance to the Railways of Canada

BY ANDREW T. DRUMMOND

NOTWITHSTANDING the considerable number of immigrants who have entered Canada during the past ten years, the population appears from the partial census returns which have already appeared, to have made only a moderate advance, not very greatly exceeding what would have been expected from the ordinary natural increase within the country. There would seem to be some colour to the claim of the United States authorities that many Canadians have continued to find a better outlook for their energies in, especially, American cities. With the large expansion in manufacturing industries during the past few years, particularly in Ontario and Quebec, the impression had prevailed here, that this migration to the United States had been almost entirely stayed, and that the added attractions of relatively cheap land in the Canadian prairie provinces had even created a reverse current from Iowa, Minnesota and other western states.

Pre War Attitude

Prior to the war, a principle kindred to that of free trade, strongly influenced the Government of Great Britain in its policy regarding emigration from that country. The emigrant was allowed to exercise his own judgment as to where he should go. No direct co-operation existed with the Colonial Governments, under which in an effort to build up the Empire, the annual overflow in population was financially assisted, or even merely directed, by the state to the Dominions and Colonies. In 1886, the subject of aiding the unemployed, then numerous in England, to settle in the Colonies, was discussed at Downing Street, Westminster, between, on the one hand, Lord Granville and the Local Government Board, and on the other, a very influential association of peers, bankers, members of Parliament and others, under the Chairmanship of Lord Brabazon, but the proposals made by the Association did not meet with a favourable response from the Government, and eventually had to be abandoned.

Thus, emigrants from the British Isles continued to go chiefly to the United States, under the inducements which railway organizations there were eager to offer. It was not until 1916, when the need of men and munitions for the war was being sorely felt, that the mistake was forcibly brought home to the British Government. It was then that the writer pointed out to Mr. Bonar Law, the Secretary of State for the Colonies, that if the action desired by the Association had been taken by the Government, and been continued through subsequent years, under which British emigration would have been directed to the Dominions and Colonies, instead of being allowed to go to the United States, there to build up a great republic, Canada alone would have been able to contribute twice the number of men and twice the amount of money and munitions in support of the Allies in the war. The response on behalf of the British Government was almost immediate. Such a mistake, Mr. Bonar Law shortly afterwards announced at a great public dinner in London, would never occur again. The subject was also brought by the writer before the Premiers of Canada, Australia, South Africa and New Zealand, with the result that at the next two Imperial Conferences in London, a fixed policy was adopted and is now in operation, and depends for its success on the active financial co-operation of the different Dominions and Colonial Governments with the Home authorities, and especially on the character of the land policy which these overseas governments adopt. How far is Canada now co-operating?

British Settlers Preferred

The Canadian Government, in view of the immense areas of land available for settlement in the prairie provinces, has always shown a preference for those British immigrants who desired to take up land, and especially those with agricultural experience. More recently, however, it has imposed barriers in the way of all other immigrants by, among other requirements, compelling them to prove their possession of a given sum of money before they would be permitted to land. Is this altogether wise? Canada, it is true, does not want any immigrants who would only afterwards become a burden on the country, but it does want men blessed with strong physique, brains, and the will to work, whether they have the requisite money or not. Very many of the men who, in the past as well as now, in Canada, have risen to positions of great influence and have contributed much to the progress of the country, can look back to the time when, with few possessions beyond courage and the determination to succeed, they left the old home land in Britain for the new sphere with, as they believed, its fewer restrictions and its wider opportunities for each individual to carve a place and a name for himself. To establish barriers to the coming of men of that class would be a serious mistake. Already, it is stated, that this restrictive policy and lack of encouragement are changing to Australia the direction of the current which, in emigration, has so long flowed from England and Scotland to this country.

Railway Lands

But the inducements in free land grants which are offered to immigrants from Europe also need investigation. In formulating its land policy, after the acquirement of what was previously known as the Hudson Bay Territory, and the subsequent determination to construct the Canadian Pacific Railway, the Canadian Government overlooked some most important considerations, which are now producing very untoward effects in the prairie provinces on the location and traffic of the railways there, on the business of the merchants in the hundreds of small towns which have sprung up along these railways, and on the conveniences and social conditions of the settlers. Following the policy adopted in the neighbouring states of Minnesota and the Dakotas, the land was surveyed into townships of six miles square, which were again subdivided into sections of 640 acres and quarter sections of 160 acres. Free grants of 160 acres, among the odd numbered sections, were then offered to settlers without any restrictions as to the districts, near or far away from railways, in which they might choose them, and without any thought as to whether one settler out of twenty could cultivate even one half of his free grant, especially in view of the scarcity of labour. As the even numbered sections were reserved for sale, or were given as subsidy to the railways, the result was that the settlers distributed themselves, not in compact groups, close to existing or surveyed railways, but all over these three extensive provinces, often at great distances from each other, and without any organized system on the part of the Government as to market, supplies, education or social conditions, whilst the railways were handicapped by having near them only thinly settled districts from which to draw traffic.

Even if each of the four 160 acres in a section was taken up by a separate settler—which was rarely the case—these settlers would be half a mile away from each other, and with odd numbered sections on each side of

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them, would be at least one and a half miles from the nearest settler in the next odd numbered section, if that happened to be taken up. Thus, when a railway was constructed within any reasonable distance, and a town with its railway station established, the number of settlers tributary to that town would be, necessarily, very small, the business of its merchants, in consequence, restricted, and the shipments of grain greatly limited below what they should be, considering the large area of fertile land surrounding the town. Added to this, most of the settlers themselves would have the discomforts of being distant from the elevators and stores, from the post office, from educational advantages, and from their friends. In the course of time, many of the even numbered sections would gradually find purchasers, but the large acreage with one settler to cultivate it would remain in that case also.

Lack Of Foresight Shown

This undoubted lack of foresight in connection with settlers in the northwest provinces, was immensely aggravated by the ambition of the promoters of the Canadian Northern and Grand Trunk Pacific Railways, encouraged financially by the Government, to construct independent lines across the continent, each with various branch lines as feeders, the whole leading to the establishment by them of some hundreds of small towns along these railway lines, in the hope or belief that an influx of population in and around these towns would justify this. In nearly every case, the influx was disappointing. Thus, the progress of these hundreds of small towns has been crippled, whilst the railways are seriously suffering not only from undue extensions of their lines, but from the diffusion over vast areas of a limited population.

When adopting a land policy in the earlier days of Manitoba, the outlook at the time appears alone to have been considered. Future results arising from the then methods did not enter into the question, so long as population was secured. And these methods, commenced in Manitoba, were afterwards continued in Saskatchewan and Alberta. It may be argued that in the competition for immigrants, it was necessary to offer in Manitoba inducements as great as prevailed in the neighboring American states. So long as land was available in these states, and it was then yearly diminishing, this, in the cases of some settlers was true, but not with the majority of those who at the time were coming to Manitoba from Ontario and the British Isles to take up free grants. Their purpose was to remain within the Empire. As a matter of fact, however, before Manitoba was even well settled, a reverse current commenced through immigrants coming from the United States to Saskatchewan with, generally, the object, not so much of seeking free grants, as of buying land in favourable localities.

Control of Settlement

The true course should then have been—and, with the remaining free grants, should now be carried out—to limit these free grants to eighty acres, and to organize a method of concentration of the incoming population, instead of allowing the yearly influx to distribute itself at its will over widely separated districts. The smaller free grant would have been, in the past, quite attractive to the settler from Ontario, and very much so to the immigrant from Great Britain, and was as large as either could properly manage. Under any circumstances, the man who had capital and facilities for handling a larger acreage, had always in these earlier days, and often now, the opportunity to buy further land alongside of him at very moderate prices. As the facts proved in experience, the settler not infrequently became a mere land speculator. He built his shack, broke and grew crops on five to ten acres, and at the end of the three years, obtained his patent, sold his free grant, and migrated to another district to renew the same method. The larger area of 160 acres also led to slipshod farming, which continues everywhere to this day in the effort in bringing into crop as many acres as possible. Simply scattering the seed on the stubble land of the previous year and harrowing it in, is understood to be a frequent course,

whilst fertilizers of any kind to recompense the soil when exhausted by successive crops, are largely unknown. Can we wonder at the wheat production of Manitoba averaging only 15 to 16 bushels to the acre, when 40 to 50 bushels are obtainable from properly cultivated virgin land? And 38 bushels of wheat to the acre form the average for ten years past on the long-cultivated fields of Scotland.

Concentration

The policy of concentration of the population throughout these vast provinces should have been adopted from the start. Had each district along the lines of railway had its land fairly well taken up before new districts were opened for settlement, and had the railways been curbed instead of encouraged, as they were, by guarantees and subsidies, in making extensions everywhere into new sections of the country, it would have been vastly better for all parties, and especially for the Dominion Government itself, for it would not have now the enormous railway burden which weighs so heavily upon it. Five years ago, the subject was brought by the writer before the Government, but, while receiving some consideration has not yet been acted on. It is not too late, in the case of the large remaining areas of Crown lands in the prairie provinces, to prevent a repetition of what has, hitherto, been a great detriment to the prosperity of these provinces. It may be said that when the settlers sell their holdings, or die, there will be gradual subdivisions of their farms into more conveniently worked acreages, but that implies long periods of years. Why should the Government wait patiently for that result when already as to its remaining lands the remedy is in its hands?

Another indirect result followed. The early over-optimism of the townspeople in many cases led the towns into ultimate financial difficulty. With large ideas of the future, and without waiting for an incoming population, they included wide areas within the towns' corporate limits, unduly increased by this means the assessed value of property, and borrowed money freely for public utilities and other civic improvements—only afterwards to find the population practically stationary, or possibly receding, business depressed, and an annual burden of interest and other debts which could be met by the town with difficulty, or had to be defaulted. And yet, surrounding nearly all of the towns, was magnificent land, requiring its fertility to be maintained, and its available acreage to be fully cultivated, to give progress and prosperity to these towns and their inhabitants, as well as to the farming community itself and to the railways.

Northern Ontario

The climatic difficulties which have to be contended with in Northern Ontario form a strong reason why the Ontario Government should not encourage agricultural immigrants from Great Britain to take up land there. A character of country and climate, accompanied by serious pioneer difficulties, exists there, to which the British immigrant has been wholly unaccustomed. That the great majority of the trees and shrubs of Central Ontario have ceased to range northward long before Lake Abitibi and the Transcontinental Railway are reached, evidently unable to withstand the short summers, the early frosts and the winter's cold prevailing there, is ample evidence that agriculture has its limitations in this north land. The wide extent of country there will have to be left to agricultural pioneers from the provinces of Quebec and Ontario who, in advance, know the character of the country and climate and are prepared "to rough it" there for some years. To the southward of this, most of the Laurentian and Huronian country, with its rocky hills and ridges, and generally sparse soil, should be set apart solely for timber growth, and properly protected from fire, with the object of being, in its timber an annual revenue asset for the future, in addition to its great possibilities in minerals.

What seems a far more suggestive policy for Ontario is that of endeavoring to attract these British immigrants to the grass lands formerly cultivated, which are found here and there in some of the best counties of the province,

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and to the numerous farms everywhere, whether adapted to stock, grain or fruit, which for various reasons are always on sale. Following the successful plan adopted by the Dominion Government for the soldiers who had returned from the war, (1) descriptions, prices and terms of payment should be secured for such lands and embodied in pamphlet form for distribution on a large scale in Great Britain as well as among immigrants here; and (2) supplementing this, arrangements should be made by the Dominion or Ontario Governments, in co-operation with the British Government, under which, where necessary, the funds needed for the purchase if not only the farms but of the stock and implements, would be in large part loaned on easy terms.

Emigration From England

And there is another emigration field in England, open year by year, for exploitation. Very many of the good conduct men who are annually retired from the British Army, and numbers of whom had been originally drafted from the agricultural districts, are desirous of coming to Canada to engage in farming. They would be directly assisted by the military authorities, who are always anxious to have them satisfactorily placed. They even offered to the writer to give those who lacked experience, the opportunity of gaining it on English farms before they left for Canada, if our Government would encourage this class. And why should it not? These men would often be desirable for community settlements, which the British Government is understood to favour. Numbers coming from the same company in a regiment would be old comrades and friends, and would readily co-operate with, and encourage, each other when on neighbouring farms, whilst the principles of obedience to superiors and loyalty to the Empire, which they had learned when in the army would be valuable assets for the country. Group settlements of foreigners in the prairie provinces have not always been satisfactory, but there is a class of tried British subjects whom the Dominion Government in co-operation with the Home authorities might well encourage.

Abolish Free Grants

An important question now arises in connection with the changed conditions under which direct financial aid is given to emigrants from Great Britain by both the Home and Dominion Governments, whether free grants of land should not be abolished, and the New Zealand land plan of fixing a price per acre on the land, should not be adopted. Following a course similar to that carried out in the case of the Canadian returned soldiers, a house and barn would be built on the land selected, the immigrant assisting in this and in breaking the sod, and being paid for his services, and further funds would be advanced to aid in securing stock and implements. The whole outlay, including the price of the land, which would be moderate, would then be payable in instalments spread over a long period, with interest, until then, at five per cent. The Crown patent for the land would only be issued when the entire government's claim was paid, and until then no assignment permitted without its assent. The bare fact of settlement and cultivation would largely increase the value of the property and render it good security for the advances, whilst if a new settler can be appraised at \$1,000 in potential value, the country, the railways and the business of the nearby town would be directly benefitted. This plan would afford the opportunity to the Dominion Government to adopt the eighty acre plot proposal, and thus, at once, to double the number of settlers and the production within given areas, besides enabling these settlers to be near each other, which under any small or large community system is so very desirable.

BRITISH EMPIRE PRODUCERS.

B. H. Morgan, chairman of the Council of the British Empire Producers Organization, visited Canada in August to work for an extension of imperial preferences.

BOARD OF COMMERCE ACT *ULTRA VIRES*

Decision of Privy Council Concludes Career of Institution Which Was Unpopular Element in Industrial Life

ON November 11 the Privy Council decided that the Canadian Board of Commerce Act and the Combines and Fair Prices Act were *ultra vires* of the Dominion Parliament. This decision definitely concluded the spectacular career of the Board of Commerce in Canada. In October, 1920, its activities ceased pending the outcome of the appeal. Its existence during the intervening year was nominal. The six judges of the Supreme Court of Canada had been equally divided on the case.

Privy Council's Views.

The Privy Council's judgment, read by Lord Haldane, observes that the law is not one enacted to meet special war-time conditions, but was passed in 1919, after peace had been declared, and was not confined to any temporary purpose, but was to continue without any time limit and was to apply to the whole of Canada. It may well be that the subjects of undue combination and hoarding are matters wherein the Dominion has great practical interest, and that such interest in special circumstances might conceivably become paramount, overriding other interests in importance even in times of peace, but it is quite another matter to say, under normal circumstances, that a general Canadian policy can justify interference on such a scale as the statutes in controversy, which involve the property and civil rights of the inhabitants of the provinces. It is to the provincial legislatures that the regulation and restriction of their civil rights have, in general, been exclusively confided, and as to these the provincial legislatures possess quasi-sovereign authority.

It can, therefore, be only under highly exceptional necessity such as cannot be assumed to exist in the present case, that the liberty of the inhabitants of the provinces may be restricted by the Canadian Parliament, and that the Dominion can intervene in the interests of Canada as a whole in questions such as the present one.

No Evidence Found.

In the case before the Privy Council, however, important as it may seem to the Canadian Parliament that some such policy as that adopted in the two acts in question should be made general. Their Lordships do not find any evidence that the standard of necessity referred to had been reached or that attainment of the end sought is practicable, in view of the distribution of legislative powers enacted by the Constitution Act, without the co-operation of the provincial legislatures.

It may be that it is within the power of the Dominion to call, for example, for statistical and other information which may be valuable for guidance in questions affecting Canada as a whole. Such information may be required before any power to regulate trade and commerce can be properly exercised even where such power is construed in a fashion much narrower than that in which it was sought to interpret it in the argument before the Canadian Attorney-General. But even this consideration affords no justification for interpreting the words of Section 91 in a fashion which would make them confer a capacity to regulate particular trades and businesses.

Their Lordships, therefore, are of the opinion that the first question, whether Parliament can validly enact such a law, must be answered in the negative. The second question, consequently, does not arise.

MARKING OF IMPORTED GOODS.

Legislation was passed at the last session of parliament authorizing the government to require imported goods to be marked with the name of the country they came from. Such regulations were prepared by the Customs Department, with a view to having them go into effect as at October 1. Strong protests came in, however, and the date was postponed to December 31. Several changes were also made in the regulations.

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Some Problems in Municipal Administration

**Fundamental Principles of City Planning Have Been Ignored—
Some Examples of How Present Methods are Defective, and Some
Remedies Proposed—Problems of Finance are of Foremost Importance**

BY C. J. YORATH, •
City Commissioner, Edmonton

IN ALL cities in Western Canada, although comparatively of recent growth, the fundamental principles of city planning have been entirely ignored and the checker-board system of planning of the United States has been slavishly followed without regard for topography or configuration of the site. Our cities have not been developed upon some preconceived plan, but have been added to in patches according to the whims and fancies of real estate speculators with the result that:

1. Residential, retail and wholesale districts are not placed in proper relation to each other, resulting in considerable loss in time and undue inconvenience to the citizens, and an unnecessary expenditure upon paved roads has been incurred to connect the different centres. These roads being constructed upon a local improvement basis, the frontage tax has been so excessive on the adjoining property that the city, as a result of tax sales, has become the title holder, and owing to the haphazard development of the community, will have to retain same for many years in an unproductive state until increased development will create a demand for this class of property. This condition of affairs has altered the whole aspect of financing such improvements, for instead of the greater part of the cost being borne by the property benefited, it will have to be carried by the city at large, thus reducing the amount available for current expenditure, or if all other services are maintained at a proper standard, increasing the rate of taxation.

2. The most direct routes for main arterial roads leading to the surrounding country and centres of development from the retail, residential and industrial centres, railway depots, freight yards, etc., have not been provided. This means a very great economic loss in unnecessary and increased cost of transportation, loss of labour and in consequence loss of production. In a city which is widely scattered this lack of proper town planning means an increase in the cost of living as the unit cost of every commodity of life, fuel, groceries, building material, merchandise, etc., will be increased due to the increase in the cost of transportation.

3. The developed areas are not compact. This fault in planning is largely due to the indiscriminate subdivision of land and is chief cause for financial embarrassment of municipalities today. The more scattered the community the greater will be the annual cost for police and fire protection, the collection of garbage, the repair of roads and sidewalks, the construction and maintenance of sewers and where the municipality owns and operates its public utilities the increased capital cost of extending water mains, electric light and power wires street railway and in some cases telephone service. In addition to the increased cost of maintenance the more scattered the community the greater will be the capital expenditure for increased pumping capacity at the pumping station and increased power at the power house so that water and power respectively can be distributed over a wider area.

When any of the above services have to be constructed upon a local improvement basis and the cost assessed against adjoining property, if the buildings, residences, etc., to be served are widely scattered it will be realized that the frontage tax against unimproved and undeveloped property will be such that the burden of taxation will be too great during periods of depression, and the

owners will eventually surrender same to the city for taxes. In other words, the city will become the title owner to vacant property due to confiscation by local improvement taxation, brought about, in the large majority of cases, by owners of scattered developed property clamoring for improvements, which will ultimately mean, if constructed, increasing the load of taxation, not only to themselves, but to all other improved property owners in the city.

This is a very serious phase of community development, and unless given very careful and mature consideration will result in still further increasing the financial difficulties of our municipalities. Take for example a water main which may be constructed to serve a number of scattered houses; in the first place the estimated revenue may be based (a) upon revenue from water rates and (b) revenue from frontage tax. The latter revenue may in a few years, and often is, reduced to a very small percentage of the original amount, owing to the property against which the frontage tax is assessed becoming the property of the city. The same remarks apply to sidewalks, sewers, roads, etc., constructed on a local improvement basis, so that the more scattered the district which is to be served the greater will be the amount of taxes which the improved property owner will have to bear and which may eventually lead to the confiscation of his property also.

Unfortunately, then, instead of being able to apply town planning ideals with the view to preventing mistakes which mean the unnecessary expenditure of a very large sum of money, we need planning of existing conditions and the adoption of sound principles to govern further extensions so that the inconveniences and excessive taxation, instead of being still further increased, will be somewhat modified.

Property Owners' Demands

Since the termination of the war there has been a very persistent demand, and in some cases rightly so, by the owners of developed property not served with public utilities for extensions so that they may obtain services regardless of

(a) The distance their property may be from existing utilities;

(b) The expenditure involved;

(c) The scattered development of the area, through which the extension will have to be made to reach their property;

(d) The number of vacant lots owned and likely to be owned by the municipality and through which the extension will have to be made.

(e) Whether the revenue to be derived would warrant making the extension.

These requests are usually based upon the fact that the extensions have been promised by the municipal council for a number of years in some cases as far back as 1913.

The Mayor and Aldermen, particularly those who contemplate a continuance in office, find it extremely difficult to resist such requests and in many cases are only too willing to grant same and will even go so far as to agree to temporary extensions in order to meet the wishes of certain citizens. This policy can only have one result, i.e., to increase the already heavy burden of taxation, and to expend money at the present time which in a few



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years will be entirely wasted, as it will be found that the extensions made will not work in with a permanent scheme of improvement.

Financial Factors

The finances of the municipalities are such at the present time that they cannot stand such a policy and, if allowed to continue, it will mean an increasing number of municipalities who will have to make terms with their bond holders.

In addition to the adjustment in assessment and taxation which is so urgently necessary in all our municipalities in order to adjust the financial situation there will also require to be established a very definite and comprehensive policy in regard to future developments.

The old method of haphazard development of improvements cannot and must not be allowed to continue if the present situation is to be retrieved and lack of continuity in the direction of municipal methods of development should be immediately discontinued.

Control by Boards

Rather than the policy advocated by some, that each municipality should work out its own salvation and that there should be "Home Rule" so far as Local Government is concerned, there should be, if we are genuine in our desire to correct the evils of the past and to prevent their recurrence in the future, an expert "Local Government Board," who will define a policy and direct the activities of our municipal governments, both in regard to existing financial difficulties and in regard to future development, so that these difficulties will be gradually removed and will be impossible of recurrence.

It is true that we have in the Province of Alberta a Public Utility Commission and in the Province of Saskatchewan a Local Government Board, who must pass upon all future capital expenditures, but are the powers and functions of these Boards sufficient having regard to the conditions which have arisen through the lack of expert guidance in the development of our communities in the past?

The question of extensions should not be left to local political considerations, but an independent Government Board should say whether the improvements should be carried out in the best interest of the community as a whole, and in accordance with some preconceived plan of development, so that eventually the units will form part of a completed scheme.

The above suggestions are, in the writers' opinion, necessary if the difficulties of all our municipalities are to be properly dealt with. If the municipalities cannot agree upon some such centralized action of control and guidance of their development and capital expenditures, then each municipality will have to work out its own salvation, even although it may mean a costly process with a varying degree of success or failure, according to the methods and policy adopted by each municipality.

A Plan for Municipalities

The procedure which should be followed by each municipality is shortly as follows:

1. A complete survey should be made of the methods of assessment and taxation and a readjustment of cash revenues so that they will more nearly meet the estimated expenditures. A report has already been prepared in the city of Edmonton covering this phase and will be referred to later under the heading of "Finance."

2. A comprehensive plan should be prepared by every community showing conditions as they exist at present, i.e.:

(a) Existing retail, wholesale and manufacturing districts;

(b) Existing residential districts;

(c) Existing main roads of communication between districts and points of importance, such as railway depots, hospitals and principal public buildings;

(d) Existing sewers, water mains, pavements, sidewalks (cement and wooden), street railway tracks, etc.

(c) Existing street lights;

(f) Land already acquired by the community for parks and open spaces;

(g) Existing buildings of all classes;

(h) The buildings at present on sewer and water mains not connected;

(i) The lots owned by the city as a result of tax sales.

3. The plan above referred should show future extensions of improvements, having regard to existing development and possible development of the future, and extensions should only be made from time to time as required in accordance with this plan, so that eventually the units will become part of the completed scheme.

Problems of Finance

Municipalities are finding that the problem of financing current account is becoming increasingly difficult and owing to conditions which exist at the present time they find that during the last three months of a financial year it is almost impossible for them to finance their current expenditures.

What has brought about this condition of affairs:

1. The banks will only advance money on current loans equivalent to the estimated collection of current taxes;

2. The municipalities only collect from 60 to 75 per cent. of current taxes, while at the same time practically one hundred per cent. of their expenditures have to be made in cash.

In the Province of Alberta the municipalities are compelled by law to pay over to the School Boards one hundred per cent. of their current year's tax levies whether they are collected or not, and in some cases where short term debentures have been sold on security of arrears of taxes the whole of arrears collected have to be paid into the sinking fund to secure the repayment of these debentures.

It can be readily understood why under such circumstances the municipality has difficulty in meeting its obligations, particularly in those cases where the percentage of current taxes collected is small.

To pay one hundred per cent. of the tax levy of school boards, and one hundred per cent. of debenture charges out of say sixty per cent. collections is a problem which requires considerable ingenuity to solve. Yet one still finds from time to time appeals through the editorial columns of our daily newspapers not to be too drastic on the enforcement of tax collections.

Lack of Enforcement

The lack of a very rigid enforcement of taxes in the past has been a curse not only to the municipality, but also to the taxpayer, because it means increased taxation on the good taxpayer and increased financial obligations with their attendant interest charges, etc. Tax collections have been very much better in those provinces where tax enforcement has been strictly adhered to, even throughout the period of the war, with the result that the municipalities in those provinces are in better financial standing today.

What are the reasons for the poor collection of taxes in addition to the laxity of enforcement?

They are:

1. Assessing land far beyond its normal value.

2. Not assessing the full value of improvements.

3. Heavy levies of local improvement taxes upon vacant property.

4. Placing too great a burden of taxation on property; and not broadening the basis of taxation so as to produce a higher percentage of cash revenue.

5. The slow and cumbersome procedure in acquiring title to property at tax sales, thereby reducing the number of taxpayers on the roll and prolonging the period before this property can be revenue bearing insofar as taxes are concerned.

6. Not conducting an active sale of tax sale certificates immediately and continuously after a tax sale.

BONDS

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7. Retaining on the tax roll properties which have been sold at tax sales to the municipality.

It is no wonder that municipalities have got into such financial difficulties, when one realizes the absurd and ridiculous policies which have been adopted. This is rather an emphatic statement to make, but it is nevertheless true and no object can be attained by glossing over the facts.

The Basis of Taxation

It is therefore imperative that municipalities re-adjust their basis of taxation so that:

(a) Land will only be taxed in accordance with its normal value;

(b) Improvements are taxed for one hundred per cent. of their value;

(c) The burdens of taxation is not excessive and as large a part of the tax levy as possible is obtained from a business tax, surplus revenue from public utilities, license fees, etc.

The city of Edmonton proposes to reduce the assessed value of land in 1922 by \$20,000,000, which will reduce, with the present mill ratio, the tax levy on property by \$780,000 and, it also intended to make a further reduction in the mill rate of 3 mills by broadening the basis of taxation in the way outlined above. This will mean with the reduction which was made in the mill rate this year, a reduction in the tax levy on property of over one million dollars.

In addition to the above adjustments and in order that the Council of the municipality may be in a better position to finance its current expenditures, it is suggested that either one of the two following methods should be adopted:

1. That the Council of the municipality be compelled to pay to the School Boards only their percentage of the taxes collected and the Boards be given power to give ten year debentures to a chartered bank as security for any loan which they may require pending the collecting of taxes. Such debentures not to be disposed of by the bank for a period of five years after their date of issue and to be redeemable from time to time as arrears of taxes are collected and paid over to the Boards.

(2) That the Council of a municipality be given power to create a reserve for financing its current account by the sale of debentures on the general security of the municipality or to issue debentures to a chartered bank as additional security for a loan pending the collection of taxes, upon the same terms as referred to in the first method. The amount of any such issue of debentures outstanding at any time not to exceed twenty per cent. of the current year's tax levy.

Defaulting Municipalities

A number of large financial institutions who have been accustomed to invest their funds in municipal securities are today refusing to purchase debentures of municipalities in Western Canada. That is a serious statement to make, but it is nevertheless true, and anyone connected with Provincial or Municipal Governments should realize what effect such a policy will have upon the development of urban districts in the West and what additional handicap it will be to communities who are already bearing a tremendous burden of taxation.

A municipal security, until recent years, has always been looked upon as "gilt edged," and as a result such securities have always sold at a price which would yield the investor very little more interest on his money than if he had invested same in Dominion Government securities. Small municipalities in Manitoba and Alberta have defaulted in the payment of interest on their debts, but owing to the prompt action taken and assistance given by the Governments of those Provinces, their municipal securities are looked upon with more favor than the securities of municipalities in Saskatchewan where the Government has adopted a different policy.

It is difficult to estimate the loss which will be sustained by all municipalities, including the cities, once the confidence of financial houses has been shaken, and municipalities in Western Canada cannot lose that confidence without incurring a very grave additional burden to those which have already been incurred by unsound finance.

School and City Expenditures

As a general rule the School Board in a district has separate and distinct authority from the Council. Not only can it control education, but it has supreme control over its finances, regardless of the general financial condition of the community. It often happens that a City Council will sell debentures to finance capital expenditures and very soon after or some time before, the School Board will also go on the market to sell its securities, and often regardless of what has been done by the City Council. Was anything more farcical? Yet it is quite a common procedure. The financing of all capital expenditure in a community should be consolidated under the City Council and that authority only made responsible for selling debentures.

Local Improvement Debt

A considerable part of the debt of cities is represented by money expended upon local improvements such as paving, sidewalks, drainage, etc. The proportion to be charged to the general taxpayers and the owners of the property immediately benefited, varies considerably; the total, however, so expended is usually considered as part of the city debt, although the sinking fund and interest on the amount expended as the properties' share is specially levied against the properties with a frontage to the street improved.

In making debt comparisons of cities in Canada, Great Britain, and the United States, regard must be given to this fact, as in the two latter countries local improvements such as have been described are made by the Local Authorities at the cost of the adjoining property owners, i.e.: the total cost of paving a street, laying sidewalks, constructing drainage, etc., when completed is immediately charged against the property owners fronting upon the street so improved; thereby making the cost of street improvements part of the capital expenditure of the individual property owner instead of the local authority.

The local improvement procedure adopted in the United States and Great Britain is very much to be preferred to the system adopted in Canada, as the cost of such improvements spread over the individual owners of lots is comparatively small and does not add materially to the cost of the improvements erected on their own property.

Another considerable advantage in charging the total cost of local improvement against the property owner immediately after it has been completed is that it deters an owner from clamouring for improvements until he has improved his own property, whereas, under our system in Canada the speculative holder of land clamours for improvements as he has no objection to paying for a year or two the small annual charge of sinking fund and interest if by virtue of the improvements the value of his property is enhanced and his chances of selling same have considerably improved.

The practice of charging expenditures to a loan is carried to such extremes by some cities that even the cost of sewer drain and water connections is spread over a period of thirty years. When methods such as these are adopted it is little wonder that the debts of Canadian cities compare so unfavorably with debts of other countries.

Lack of Experienced Control

Municipal finance is divided into two different phases, namely:

CAPITAL ACCOUNT—

I. REVENUE

II. EXPENDITURE

**CANADIAN
GOVERNMENT, MUNICIPAL
AND CORPORATION
SECURITIES**

**CANADIAN DEBENTURES
CORPORATION LIMITED**

Established 1910

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The British Columbia Permanent Loan Co.

Total Assets. \$2,917,422.26

Paid-up Capital, \$926,721.24

Reserve, \$725,000.00

DIRECTORS AND OFFICERS

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CURRENT ACCOUNT—

I. REVENUE

II. EXPENDITURE

The hazy ideas as to the relationship between these two phases of municipal finance are perhaps responsible for the many serious problems which arise in connection with the financing of municipal undertakings. It was at one time a common practice, and is now with many local authorities, to embark upon works requiring the expenditure of large sums of capital monies before making the necessary arrangements to finance the cost of the work—and then, when it is realized that work and improvements cannot be carried out without money, it is found that the market is not satisfactory for the sale of debentures. Temporary financial arrangements then have to be made with all the disadvantages and loss usually attendant thereto. The lesson of the last few years may be a sufficient deterrent to a repetition of the same mistake, but it is more than likely, with the continual change in the personnel of Local Government, that the same mistakes and mismanagement will be repeated unless the fundamental principles of sound municipal finance are controlled and guided by experienced management.

What is, and what is not, capital expenditure must be distinctly defined by the lifetime of the work proposed to be carried out, and it should be recognized as a general principle that no work with a lifetime of less than five years should be paid for out of capital monies.

There is one result of capital expenditure which the public cannot be too often reminded of, which is, that every cent spent in this way means so much more added to the taxes each year in payment of principal and interest.

The method adopted by some local authorities in making an issue of debentures is sometimes open to criticism. Issues are placed upon the market when there is no demand for such securities and it sometimes occurs that a local authority will make two, three or even more issues in one year. Whether the sinking fund or serial debenture should be adopted is largely governed by the market in which the securities are to be sold and the preference shown by that market. There can be no doubt that the serial method has a number of advantages to commend it in preference to the sinking fund debenture, the principal of which is that no sinking fund is created, thereby removing the necessity of reinvestment and the risk of loss by making bad investments.

There is only one way in which capital expenditures can be controlled and the necessary financial arrangements be properly made, and that is by forecasting and planning all the works to be carried out during the year at the beginning of the financial year. But even this system will not be entirely satisfactory and prevent the waste of public money, if the programme bears no relation to a scheme which should have been previously prepared for the ultimate development of the town or city.

Any expenditure upon an extension of a drainage, sewerage, waterworks, electric light and power or rapid transit system, or upon the construction and paving of streets, if not made in relation to the future development of the community will be eventually partly or wholly wasted.

Flooding Market With Securities

For the last six years the majority of municipalities have been marking time on capital expenditures, first on account of the war, and then afterwards on account of financial conditions being unfavorable to the sale of debentures, with the result that at the present time certain very necessary capital expenditures have to be made. Schools have to be built, water, electric light and sewer extensions have to be made and additional equipment has to be installed at power plants and waterworks. This results in different authorities—Provincial, local Councils, School Boards, etc., all selling securities at the same time, which soon results in the flooding of the market and unfavorable prices being obtained, or in some cases

a failure to sell debentures at any price. It would appear that some action should be taken by the Provincial Government in conjunction with the bond dealers to consolidate and control municipal debenture issue. In some of our larger cities when the issue of debentures is not particularly large it would appear to be more advantageous to the community to sell the bonds if possible to citizens rather than to bond houses in Eastern Canada. By this method the citizens will have the greater amount at stake in their community and it will be in their best interests to see that civic affairs are properly managed.

Problems of Administration

The chief problems of administration is to obtain continuity of policy and experienced direction of the administrative detail of departments.

This is one of the chief causes for municipal difficulties today. The writer has, on a previous occasion, submitted a paper on the best form of civic government and would only emphasize its essential features if the difficulties referred to in this paper are to be surmounted and avoided in the future, viz:

The division of Government authority into:

(1). Legislative and Financial

(2). Administrative

1. The Council being directly responsible for

(a) Legislative work governing the need of the community

(b) The financing of public improvements and current expenditures.

2. An appointed Commissioner or Manager being responsible for:

(a) Keeping the Council properly informed upon every phase of civic finance taxation etc. To advise upon the most economical methods of development and service—and—

(b) To see that the Council's decisions on any subject, policy or expenditure are strictly carried out and adhered to by the respective civic departments and officials.

OUR TRADE OPPORTUNITY ON THE PACIFIC

Of Great Importance to Country and Especially to Coast Province—Example Set by The United States

(CONTRIBUTED)

THE Pacific ocean is the world's great coming theatre of trade development. Fifty years ago it was regarded much as the Western world now looks on Behring sea. Canada did not have British Columbia as one of the units of the Dominion. The United States had hardly got over the California gold rush. China was fast asleep. Japan would not admit foreigners, and was steeped in the ways of philosophy of the dark ages. Australia and New Zealand were hardly known. India was the India of the mutiny, and knew little of the great outside.

The chief trading on the Pacific then was by sailing barques that roamed like Barbary pirates. The change began to be noticeable about twenty five years ago. California and the other Pacific States became populated, trans-Pacific services were inaugurated. Canada began to come into prominence. All the Pacific countries found trade with each other becoming attractive. In the last fifteen years trans-Pacific trade has developed twentyfold, and we are on the threshold of an era in which the great ocean will be the scene of the world's great new development. The Washington conference revolves chiefly around Pacific questions, for all the nations now realize what mastery of trade in that magnificent section of the globe will mean half a century hence. Canada has a splendid position in relation to the Pacific, and if we take full advantage of our opportunities there, should derive great strength and power in the coming years.

Our Present Showing

It must be confessed that, so far, we have not much to show on the Pacific. Our total foreign trade on it in 1920

Western Homes Limited

WINNIPEG - - - MANITOBA

Capital Authorized	- -	\$5,000,000
Capital Subscribed	- -	1,600,000
Capital Paid Up	- -	425,000

Established in 1915 to meet the need of new sources of supply for Western Mortgage Money.

Funds invested in gilt-edged mortgages on improved farms and revenue-bearing city properties.

A record of careful management and splendid progress from inception, with regular payment of half-yearly dividend at the rate of seven per cent. per annum. No losses.

Available shares of Western Homes offer an excellent investment opportunity. Full particulars upon application to

Argue Bros. Ltd.

Managers

Ground Floor, Confederation Life Building
WINNIPEG, MAN.

January Investments

Yielding from 5.80% to 6.50%

Province of Quebec	5½	1936
Province of Ontario	6	1943
City of Montreal (Mais.)	5	1952/3
City of Quebec	5½	1926
City of Toronto	5½	1934/5
City of Toronto	6	1937/40
Montreal R.C. Schools	6	1931
Verdun, P.Q., Schools	6	1931
Fort Garry, Man.	6	1950
Pay N.Y.		
St. Michel de Laval, P.Q.	6	1954

MACKENZIE & KINGMAN

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10 St. John St.

MONTREAL

THE INTERNATIONAL LOAN COMPANY

GEORGE W. ARGUE, M.D., General Manager.

Subscribed Capital	- -	\$ 3,800,000
Authorized Capital	- -	\$20,000,000
Number of Shareholders	-	1,350

The International Loan Company is seeking to save and conserve part of the current earnings of Manitoba people to meet the requirements of Manitoba farmers. In the past six years it has enlisted more than thirteen hundred shareholders.

All the funds of the Company are invested in first mortgages, the best security in the world with so high a return.

Have you any money to invest?
Write us.

Head Office
224 Curry Building, Winnipeg

THE HAMILTON PROVIDENT AND LOAN CORPORATION

INCORPORATED 1871

Hamilton - Canada

Paid up Capital,	- -	\$1,200,000.00
Reserve and Surplus Profits,		\$1,315,587.70

DIRECTORS:

George Hope, President	
Joseph J. Greene, Vice-President	
Col. Henry L. Roberts	William A. Wood
Stanley Mills	Lt.-Col. William Hendrie

DEBENTURES ISSUED
DEPOSITS RECEIVED

Executors and Trustees are authorized by law to invest Trust Funds in the Debentures and Savings Department of this Corporation.

Office - King and Hughson Streets
D. M. CAMERON, General Manager

was approximately \$70,000,000, out of \$2,300,000,000. We exported eleven millions worth of goods to Japan, and bought six millions worth. We sold China five millions, and bought two. We sold Australia eighteen millions, and bought three-fourths of a million. We bought four millions from New Zealand and sold her eleven millions. Our exports were about 50 per cent more than our imports.

This is because Canada has manufacturing industries that are far more efficient than Asiatic or Australian industries. We ship large quantities of paper to Australia, or at least we did until Australia gave British paper makers a preference. We send rubber tires, confectionery, leather, cotton goods, felt, and implements and machinery to Japan, China, the Australasian Dominions. Australia recently put a prohibitive duty on agricultural implements, to compel the manufacture of these in Australia, and the Massey-Harris Company, which received about six million dollars worth of business there last year, has been forced to consider erecting an Australian factory. But notwithstanding these handicaps, Canada could sell to customers across the Pacific far more, if Canadian manufacturers were keen on ferreting out latent trade possibilities.

United States Takes Lead

The ships of the Government Merchant Marine are giving a good service out of Vancouver, and this regular schedule has encouraged many big firms to investigate the field much more closely. So far outward bound cargoes have been very fair, and incoming cargoes light. Too many Canadian firms importing raw material that comes from China or Japan, or other Pacific source, go to the United States dealers, paying far more than they would have to pay by importing direct. In some of the Pacific islands, regular auctions are held of sisal, hemp, and other products, but never a Canadian buyer shows up. The Americans have the control. But some months ago the Canadian Prospector, an 8,390 ton boat

brought nearly 17,000 bales of Australian wool to Vancouver, and the wool traffic is looking up.

Captain Robert Dollar asserted some time ago that 80 per cent of the imports that pass through the Vancouver port are destined for the United States. Even in raw silks, of which a boatload is imported at a time, the material goes to an American mill, and Canadian buyers of woven silk pay heavy duty, exchange, and freight to get back what passed through their railway yards. A good deal of Japanese and Chinese tea that Canadians buy comes from England, and travels all the way around the globe to get here. Except for certain products, however, the Trans-Pacific market is largely an export market, which is what Canada needs now. Twice as much tonnage is now offering at Vancouver as called there before the war scarcity of shipping. Rates have fallen to one fourth of what they were. The Japanese financial crisis knocked the bottom out of inflated rates to Yokohama and Hong Kong. The Japanese merchant marine is the mostly cheaply operated on the Pacific, and comes 30 per cent under the American.

The Government Merchant Marine maintains a monthly service to Yokohama, Kobe, Hong Kong, and Manila, a coasting service to San Francisco and San Diego, has five freighters on the Australian, New Zealand service, a special arrangement for shipments to India, and soon will put two ten thousand ton freighters on the Pacific service somewhere. There are other services, such as the Canadian Pacific, the Blue Funnel, the Japanese, and companies operating a subsidized Australian service. Taking it in all, the opportunities exist for an export business worth hundreds of millions, instead of a paltry \$40,000,000. United States and British competition is keen, but the way Canada has managed to eat into the pie reveals much greater appetite, and ability to gratify it. Our Canadian trade consular service is good, and what now is mainly required is more initiative by manufacturers who seem to think that what is so far away necessarily out of reach.

A Canadian Trial of the City Manager

Chatham's New Plan Provides for November Voting, a Reduced Council, a Two Year Term for Mayor and Aldermen, and a City Manager—Is An Adaptation from Experience in United States

BY VICTOR LAURISTON

Chairman City Government Committee,
Chatham, Ontario.

WITH the advent of 1922 the city of Chatham puts into effect a system of municipal government entirely new to Ontario. This system is an adaptation of the city manager or commission-manager plan which has proven a remarkable success in the United States.

The salient features of the Chatham plan may be briefly outlined. They are, November voting, a reduced council, a two-year term for mayor and aldermen, and a city manager. These innovations in city government were authorized by the "City of Chatham Act," passed at the 1921 session of the Ontario Legislature.

So far as the city manager plan is concerned, the November voting is an incidental detail. Two strong arguments were urged in favor of this change. It was felt that the counter-attractions of the Christmas season militated against intelligent and thorough consideration of municipal matters, where the election was held immediately after the Christmas holidays. It was further felt that, with a council elected in November to take office in January, the newly elected officials would have an opportunity to get in touch with municipal affairs before they were required to actually administer them.

The First Election

The first election under the new system took place on November 8. The City of Chatham Act provides for nominations the last Monday in October and elections the first Monday in November, or on the day following if the first Monday is a holiday. The term of office actually begins with the New Year.

Under the Chatham plan, the city council is reduced from 9 to 7 members, with a mayor, all elected by general vote. The term is extended to two years; four aldermen and the mayor being elected in one year and three aldermen in the alternate year. In the recent election, of course, seven aldermen were elected; the three polling the lowest vote coming up for re-election in November, 1922.

The Chatham plan also provides for the appointment of a city manager. This will be one of the first tasks of the newly-elected council when it takes office in January. This council will fix the city manager's salary and define his duties.

It is premature, of course, to state positively the exact duties and powers which will fall to the lot of the city



PROVINCE OF SASKATCHEWAN

Saskatchewan is pre-eminently the wheat growing province of Canada, producing annually more than half the wheat crop of the entire Dominion, but diversified farming is also making rapid gains; some progress has been made in developing the province's vast natural resources of coal, clay, minerals and mineral salts, and the industrial development of Saskatchewan is rapidly proceeding.

AGRICULTURAL AND INDUSTRIAL STATISTICS.

Value of Agricultural Products for 1920	\$309,610,716
Live Stock	241,030,755
Value of Manufacturing Products for 1918	49,998,136
Value of Forestry and Fisheries for 1920	3,066,737
Value of Mining Products for 1920	852,692
Railway Mileage	6,172 miles

FINANCIAL REPORT--APRIL 30, 1921

AREA—251,700 square miles—161,088,000 acres.

POPULATION:

Census 1911	492,432
Dominion Estimate 1919	744,000
Provincial Estimate 1920	833,267

PUBLIC DEBT:

Gross Debt	\$ 45,841,072.16
Less debt created for utilities, etc., which carry public debt charges	\$23,652,347.10
Sinking Funds created for the redemption of debt incurred for purposes other than utilities, etc.	1,446,418.37
	25,098,765.47
Net Debt	\$ 20,742,306.69
Debt per Capita: Gross \$55.01 Net \$24.89.	

SINKING FUNDS:

1 per cent. Stock 1951	\$319,449.30
4 per cent. Debentures 1923	228,025.90
4½ per cent. Stock 1954	92,196.75
Exchange Issue	34,370.83
Patriotic Aids	482,101.84
5 per cent. Stock 1919	10,708.25
General Sinking Fund	1,477,177.91

PROVINCIAL ASSETS

Lands and Buildings	\$13,511,004.76
Public Improvements	8,096,406.74
Utilities and Investments	57,568,675.98
Cash in Banks	1,485,136.96
Sinking Funds	2,674,030.86

REVENUE—For fiscal year 1920-21

Dominion Subsidy	\$ 1,753,075.00
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EXPENDITURE—For fiscal year 1920-21

	12,151,665.38
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PROVINCIAL RAILWAY GUARANTEES

	\$8,592,011.99
--	----------------

The Canadian Northern Railway (guarantee \$15,370,879.99) is now part of the Canadian National Railways; The Grand Trunk Pacific Branch Lines (guarantee \$13,211,132.00) are also being acquired by the Dominion Government.

GUARANTEES—Given in advancement of Agricultural Interests	2,281,443.50
ESTIMATED ASSESSABLE VALUE OF ALL PROPERTY WITHIN THE PROVINCE	\$1,900,000,000.00

manager. But the intention is that he will function much the same as the general manager of a large business. The mayor and aldermen will act as directors, determining the general policies of the municipality; while the execution of those policies will be entrusted to the manager, who will be held responsible for securing results.

New Ideas in City Government

One of the most frequent arguments against the city manager plan is that it is American in its origin, hence not for one moment to be considered by patriotic Canadians.

It is true the city manager plan has made great advances in the United States; but it has arisen as a corrective to the practical weaknesses of the Jeffersonian democracy. The American of a century ago took pride in his elaborate system of "checks and balances" which made autocracy impossible; and in his plan of electing officials of all sorts by popular vote, thereby ensuring, as he thought, complete democratic control of the government.

The Jeffersonian principle of electing all civic officials, both legislative and executive, in the end defeated its own purpose. The usual defects of the American municipal systems were:

(a) The average elector, required to vote upon a host of candidates for a wide variety of municipal offices, was in no position to intelligently select the most capable men. He could not know all the candidates so intimately as to judge their fitness, particularly for executive positions that required technical knowledge and experience.

(b) The tendency to run municipal elections upon federal party lines, and the introduction of party emblems on the ballot, led the overwhelming majority of voters to choose their mayor, aldermen and other elective officials, not according to fitness, but according to party allegiance. Thus, too, the nominees were first selected, not for fitness to handle municipal business, but by party conventions and political bosses.

(c) The ward system filled the councils with men chosen for local popularity or influence, who, far from regarding the interests of the community as a whole, indulged in peanut politics and municipal log-rolling and were not concerned with the interests of any other ward or precinct so long as they could make themselves solid with their own.

Out of these conditions there developed a state of affairs that, twenty years or more ago, attracted widespread attention, and gave the muckrakers plenty of work. A large proportion of American communities suffered from the double waste involved in graft and corruption on the one hand and carelessness and inefficiency on the other.

The basic weakness in American municipal government was, that the then existing systems made it easy for the political boss to wrest control from the people, and difficult for the electors to get rid of the boss.

The Short Ballot

The plan of a small elective council, chosen by general vote, struck direct at the basic evils in the American municipal system. Municipal reform, in commission-governed and city manager communities, reduced the elective officials to seven, five or even three, usually termed commissioners. More than that, the term of office was extended to two, three or four years, with elections every year.

Thus the elector who under the old system was handed a long ballot with the names of hundreds of candidates for scores of offices, under the commission or city manager plan was asked to select the best one or two men out of a possible four or five candidates. Nor, under the new system, were there any party emblems on the ballot to distract attention from the merits of the men themselves.

They had to be capable men, even if they were partizans; otherwise they could not command the confidence or grip the attention of an entire community.

Under this new system, was the elector in a position to vote more intelligently, to pick better men for public office, to secure better results for the community—which, in the last analysis means, for himself?

Experience of the past two decades answers that question. The short ballot has given American communities the sort of elective rulers capable of handling affairs honestly and efficiently, of laying down intelligent municipal policies for the guidance of their executive officials, and of courageously supporting those officials in their efforts to make good. That is why in particular the city manager system has made good, and why not one of the 150 or more communities holding city manager charters has ever gone back on the system.

Many people who have not studied the municipal developments of the last 20 years in the United States have vague ideas as to what the "commission plan" and the "city manager plan" actually are. There is a tendency to regard the two systems as identical; whereas they are decidedly dissimilar, though both are improvements upon older methods.

The Galveston Idea

On September 8, 1900, a hurricane sweeping from the southeast drove the waters of the Gulf of Mexico in a huge tidal wave over the city of Galveston, Texas. The resultant disaster marked the climax of many years of municipal inefficiency. In the crisis the city government failed utterly; and it was left for the Deepwater Commission, an organization of business men, to take charge of the work of relief and reconstruction.

So well did this commission handle affairs in the emergency that a new charter was sought whose aim was to provide an inexpensive and efficient form of city government. This charter replaced the mayor and council with a commission of five members, elected by general vote, and having complete control of civic affairs.

One of the commissioners, styled the mayor-president, has general oversight of all the city's business. Of the other four, one has charge of the police and fire department, one is commissioner of streets and public property; the third is waterworks and sewage commissioner; and the fourth is commissioner of finance and revenue.

The commission by majority vote determines which man shall be head of each department. Thus the five commissioners correspond, in many respects, to a general manager and four assistant managers, each having special charge of some specific division. As a group the commission functions as a board of directors, determining the general policy of the city.

Thus, the commission plan combined in the one set of elective officials both legislative and executive functions. It had the great advantage that there could be no side-stepping of responsibility, no "passing the buck." The public knew who was responsible for each department; and the public knew also that these five men were responsible for the city as a whole.

The Galveston idea attracted a great deal of attention. It unquestionably worked wonders, particularly in contrast with the cumbersome, complicated and inefficient system that had preceded it. These good results may have been due in part to the aroused patriotism of the citizens. But at the time the Galveston system was much discussed, it was subsequently copied in many American communities, and "government by commission" became a popular watchword.

It did not, however, avoid the weakness common to most American municipal systems, of entrusting executive work to men totally lacking in technical experience. There could be no certainty that the five men elected by popular vote would meet the requirements of the five specific departments they were to handle.

The Dayton Improvement

Eight years later the little city of Staunton, Virginia, generated the nucleus of the city manager plan, when it passed a municipal ordinance providing for the appointment of a city manager. The Staunton plan, however, kept the old municipal machinery as it was. It was not till the disastrous Ohio floods swept over the city of Dayton in the spring of 1913 that the city manager plan leapt into prominence.

Dayton had been inefficiently if not dishonestly gov-

REGINA

THE CAPITAL OF SASKATCHEWAN AND THE FINANCIAL AND DISTRIBUTING CENTRE OF THE MIDDLE WEST.

To Manufacturers & Wholesalers :

Gentlemen:

Re: Advantages of Regina as a Distributing Centre.

Saskatchewan is one of the most important markets in Canada for manufactured goods, and the City of Regina, served by three transcontinental railway systems and numerous branch lines, offers unrivalled facilities for the distribution of merchandise in the Middle West.

During the years of the war and the unsettled conditions which followed everywhere, Regina maintained its record for steady, solid growth, as indicated in the following figures:

Value of all buildings (based on assessment)		Bank Clearings		
1911	\$ 9,188,785.00	1911	\$ 73,032,088.00	
1914	24,201,333.00	1914	98,205,541.00	
1921	34,602,633.00	1920	231,070,268.00	
Post Office Money Orders		Customs Returns		
	Issued	Paid		
1911	\$513,582.34	\$ 592,755.11	1911	\$ 648,243.40
1914	609,430.53	1,193,274.53	1914	997,124.89
1920	971,253.04	9,667,752.81	1921	2,985,740.65

(1914 business was adversely affected by the declaration of war in August of that year.)

The volume of business and excellent railway service are the best guarantee to the individual shipper that he will be able to secure supplies and make prompt deliveries to his customers in every part of the province.

The Street Railway, Light & Power Plant, and Waterworks are municipally owned and operated; and have proven valuable investments to the community from a service standpoint; and, taken together, not only pay their own way but contribute to the general revenues of the City.

After its railway facilities, the most important single factor in the development of Regina as an industrial and distributing centre and in the success of the businesses located here, is the specially planned and developed industrial area. Three hundred acres of the original town site, three blocks from the centre of the down town business and the financial centre, are reserved and developed for wholesale and manufacturing purposes. Provision is made for spur track accommodation to each site. Sewer, water, power, street railway, pavements and walks are available throughout the area, and the freight depots of the railway companies are convenient to it.

Realizing the importance of this asset, the City has exercised the greatest care in the sale of this property to ensure that it will be used only for industrial purposes and not for speculation. Over half in value of the area, representing 7 miles of spur track frontage, has been sold and is in use for manufacturing and warehouse purposes. The City has still about 6 miles of spur track frontage for sale to bona fide businesses at satisfactory prices.

To the manufacturer or wholesaler who desires to supply Saskatchewan's demand for manufactured goods, Regina offers unrivalled facilities for the distribution of merchandise; and the City Commissioners will be glad to give special consideration to the requirements of any business as to site, etc., or furnish more detailed information upon request.

Yours truly,

L. A. Thornton,

City Commissioner.

erned under the old system. "Government by deficit" was the order of the day. In six years the aggregate deficit amounted to \$360,000; in 1912 alone the deficit was \$108,300. From 1903 to 1913 the per capita debt showed an increase of 76 per cent. The city was kept going by issuing bonds. Bonds spread over 15 or 20 years were issued to pay for "improvements" whose estimated life was 5 years or less; as these fell due, they were met by the issue of new bonds; and bonds were issued even to meet current operating expenses. In 1913 some 47 per cent of the total tax income of the city was spent in liquidation of current bonds and obligations.

"What Dayton needs is a receiver instead of a manager," said the man who ultimately brought order out of this financial chaos.

It was the flood that precipitated the new order in Dayton. That flood did more than wipe out lives and destroy property; it swept away a corrupt and incompetent municipal regime. The Ohio city, rising from its wreckage, determined on a new order. It would be run as a business enterprise, according to modern business methods.

The new civic charter established the commission-manager or city manager system. Under this system the citizens elect five men to serve as commissioners. These serve without pay, and function as a board of directors. They have power at any time to "hire or fire" the city manager. The latter is the business manager of the city's affairs, carrying out the policies determined on by the commission, appointing and supervising the department heads, and functioning in the same way as the general manager of any large business.

Thus the difference between the Galveston commission system and the Dayton city manager plan define themselves very simply under the Galveston commission system each commissioner is a department head; individually each commissioner is an executive and as a whole they are legislators or directors. Under the Dayton city manager plan the commissioners are directors, doing all the legislating and shaping the general municipal policies; while the executive work is placed solely in the hands of the manager.

For counsel, many kinds are needed; for execution a single directing head is required. The advantage of a generalissimo were clearly illustrated in the recent war, in the case of Marshall Foch; but Dayton had already, years before, worked out the same principle in a different field of disaster.

Dayton set an important precedent by offering General Goethals, of Panama fame, \$25,000 a year to take the post of city manager. Goethals declined; but Henry M. Waite, city engineer of Cincinnati, ultimately was secured. Under his regime the municipal business was completely reorganized. The city paid its way, floating debts were wiped out, operating costs were reduced, public services were put on an efficient basis. The contract between the Dayton of 1912 and the Dayton of even 1914 or 1915—to say nothing of the Dayton of 1921—has been remarkable.

The "Dayton plan" was copied in many parts of the United States. There were variations, of course, in local conditions; but the plan worked equally well in small places like Hickory, N.C. and Blackstone, Va., and large cities like Dayton, Ohio, Grand Rapids, Mich. and Wichita, Kansas. Details in the charters varied somewhat. In some states special legislation provided charters for individual communities; in others general enabling acts permitted a community of its own initiative to adopt a specified system. The number of commissioners varied from 3 to 7.

At last reports, upwards of 150 communities in the United States had adopted the Dayton plan. In the choice of a city manager the Dayton precedent has been generally followed, of securing an outside man, preferably an engineer by profession, and getting the best man the community could afford.

Canadian Conditions

In adapting such a plan to an Ontario community, the

basic difference in pre-existing conditions must be considered. Most of our small cities already have an approximation of the short ballot, having done away with their unwieldy ward councils and come to elect their aldermen by general vote. Graft has never been a serious municipal problem, and, as a rule, party politics carry little weight in municipal elections, except when these synchronize with federal or provincial contests. Thus the three basic evils of the old American municipal system have not seriously touched us.

What has affected us injuriously has been the lack of continuity in municipal policies. With the one year term, a promising alderman no sooner familiarizes himself with civic affairs than he has to go back to the electorate.

We have repeatedly witnessed the phenomenon of first class men taking civic office with much enthusiasm, and quitting at the end of a year. We have experienced, too, the difficulty of drumming up sufficient men to fill all the civic offices. Again, a man inaugurates some policy of civic betterment; he carries on efficiently during his two, three or four years in municipal life; then he drops out and indifferent men succeed him and the effort he has put forth is largely lost.

Then, too, there is lack of co-ordination between civic committees, and between the city council and the other civic bodies, such as the school board, the water board, public utilities commission, parks commission, and the like. The result is considerable overlapping of authority, much duplication of effort and expense, some actual money loss to the community, and, in many instances, very unsatisfactory service. The lack of a centralized executive is responsible for a great part of our too high tax rates.

For municipal efficiency there must be continuity of civic effort, there must be co-ordination of civic effort, and there must be a centralized executive in close and constant touch with every department in order to produce that co-ordination. Great private enterprises are efficient because they have such executives; and municipal business is efficient where—as in the city manager community—a similar executive is provided.

Yet with the city manager system there is at the same time, through the elective commission or council, complete democratic control of municipal affairs.

Canadian City Managers

The city manager system was less needed in Canada than in the United States, and has, consequently, been slower to take root here. Canadian legislators have also been conservative in regard to municipal innovations. Nevertheless, the system had, before Chatham took it up, been already adopted in one New Brunswick community—two in Quebec, and (in modified form) one in Ontario. In the latter, Guelph, the system is radically different in many ways from the Dayton plan.

Thus, in Guelph, instead of a small commission, elected by general vote, provision was made for a council of 18, three from each ward. The term is three years, so that one alderman is elected annually from each ward. The Council elect the mayor from their own number, an idea not wholly popular, from what I can gather. The city manager is also city clerk. Guelph had, in 1920, the lowest tax rate among Ontario cities, per capita assessment considered; so that, even in this radically different form, the city manager system seems to be working.

In Woodstock, N. B. the city manager system inaugurated late in 1919. R. F. Armstrong, an engineer by profession, is city manager at a salary of \$3,000 a year. The water department was put on a paying basis, municipal services generally improved, and a high degree of efficiency secured; and at the end of the second year, 1920, the deficit of the previous year had given place to a surplus.

In the province of Quebec, Westmount and Outremont are city manager communities. In these, special legislation was not required, the office of the city manager being created by municipal bylaw. Westmount cites two advantages of the system:

"1. The plan secured for the municipality the co-operation of all the administrative departments under the

Why The Province of **MANITOBA** Maintains An Unimpaired Credit

The Province of Manitoba has in its own treasury in bonds and unexpended capital money a total sum of \$14,795,000 (November, 1921), this being equal to 23% of the gross debt of the Province. In this respect Manitoba stands unique among the Provinces of Canada.

Note how this affects the financial standing of the Province:

The gross debt of the Province is \$63,400,000 (November, 1921).

Of this amount \$37,000,000 is invested in self-sustaining public enterprises such as Government Telephones, The Manitoba Farm Loans Association, The Hydro-Electric Commission, etc.

The net debt is therefore \$26,400,000, invested in permanent substantial and beautiful public buildings, good roads, etc. Approximately \$14,000,000 of this amount is represented in the magnificent New Parliament Buildings, the New Law Courts and the Agricultural College.

It will be seen that should the Government decide to do so, it could at one stroke reduce the debt of the Province by \$14,795,000 by simply disposing of the securities held in the treasury together with the cash unexpended. No other Province is in this position, and this is one of the reasons why the credit of Manitoba is so fully maintained.

Another reason is to be found in the provision that all monies received from the sale or other disposition of provincial lands or any other assets or resources of the Province must be treated as capital funds to be invested at interest or used strictly for capital expenditure or in reduction of the capital debt of the Province. No part of any such monies may be used for ordinary expenditure.

direct supervision of one official. The results are inevitably more advantageous expenditure of money and greater efficiency in the work of all the departments.

"2. The city manager plan relieves the commissioners or aldermen from details of administrative work and supervision, and thus gives them the time so saved for devotion to service of a legislative character."

Outremont, Que., where the system has been in force since September, 1918, elects nine aldermen for a three year term, one alderman from each of three wards each year. The mayor, also holding office three years, is elected by general vote. The city manager, who also serves as city engineer, receives \$6,000 a year. The council, composed of business of high calibre, gives the manager, J. A. Duchastel, B.A.Sc., an absolutely free hand in administrative matters; with the result that efficiency in the municipal services has been greatly increased, while following a consistent policy of economy.

Competent and impartial authorities rate these two Quebec cities among the best managed in Canada.

How Chatham Did It

Westmount and Outremont created the office of city manager by resolution or bylaw of the existing council. In Woodstock, N.B. a special act of the provincial legislature provided for the change, which included a smaller town council. In Guelph a special act of the legislature provided for its new plan, which, as has been noticed, is radically different from the city manager plan as adopted in most communities.

The constitution of the office of city manager and the appointment of such an officer are, probably, quite within the powers of any Ontario municipality. Nothing in the Municipal Act either specifically authorizes or specifically forbids such a step.

In Chatham, the success of the Galveston experiment, resulted, some 10 or 12 years ago, in a strong sentiment in favor of commission government, based, however, less on intelligent understanding of the new system than on dissatisfaction with older methods. The city council at that time, however, rejected a motion to submit a commission plan to the electors.

In the fall of 1918 the agitation for a change was revived, and received strong support from the local press. W. A. Hammond, mayor for 1919, in his inaugural address, urged a special committee to investigate the subject. At that time the commission plan was under consideration; but the special committee, headed by Alderman J. G. Clark, and with which the writer was informally associated, decided, after some investigation, that the city manager plan was better suited to a community such as Chatham. Consequently, the committee recommended the city manager system, with a smaller elective council.

In the 1920 elections a general proposal thus outlined was submitted to the people and carried 2 to 1. That year a second committee, headed by Alderman Murray Reeve, worked out the details of the plan ultimately adopted. This plan, voted on in January, 1921, carried 3 to 1. With this backing the city government committee of 1921, of which the writer was chairman, presented the City of Chatham Bill to the Ontario Legislature, and duly secured the approval of that body.

I do not present the Chatham plan as ideal in all its details. Many thinking men would, with good reason, prefer a council of 5 to a council of 7; the latter was, presumably, modeled on the Michigan system. The original proposal inferentially placed the waterworks and the hydro electric system under the city manager's jurisdiction; but in deference to the views of the private bills committee, these departments were specifically excluded in the act as finally passed. I am frank in saying the waterworks, at least, should have been included. The schools are, as I think they should be, under a distinct and separate authority, in the board of education, though the average Ontario community would in most cases benefit by closer co-operation between the school and general authorities, at least in financial matters. An election the

first Monday in December might well accomplish the same results as an election a month earlier; and the mayor might better be elected in the same year as the smaller number of aldermen.

These, however, are minor details, all capable of correction should the need for correction become evident. The Chatham plan embodies the vital principles that have made the city manager system a success in so many communities—a smaller municipal council, elected by general vote in alternative years for a two year term, thus providing the maximum of intelligent control by the electorate; and a city manager, as a centralized executive, ensuring the maximum of efficiency. The human factor is still to be tested; but Chatham's citizenship is as intelligent and patriotic as any.

CANADA STEAMSHIPS TRAFFIC

Notwithstanding that lessened traffic from the other side of the Atlantic and from the United States affected transportation on the Great Lakes of Canada and on the St. Lawrence, the passenger traffic season which has just closed for the Canada Steamship Lines, Limited, has been in many ways a successful one. Such is the statement made by Mr. John F. Pierce, passenger traffic manager for the company.

"Traffic started early in June," said Mr. Pierce, "and was consistently good right up to the end of the regular season, so much so that the company decided to extend its Toronto, Thousand Islands and Montreal service an extra week to September 26. Traffic on the Great Lakes and Northern Navigation division was heavier than in 1920, which was a banner year. Traffic between Toronto and Montreal was within ten per cent. of 1920, and from Montreal eastwards within five per cent. On a general average travel was within seven per cent. of the standard of the record season of 1920, and at the same time involved much smaller operating expenses, so that in all likelihood the season will be found to have been the most satisfactory from the earning point of view in the history of the company.

What small decrease there was in traffic was from the United States and Great Britain."

ESSEX COUNTY TOBACCO CROP

According to estimates made by Government authorities, there was a great decrease in the acreage of tobacco in Essex County, Ontario, in 1921, as compared to last. Last year it was estimated that the total acreage of flue-cured or Virginia tobacco in the county was in the neighborhood of 3,000 acres, while the acreage for 1921 was only about 1,900 acres. The great decrease in the acreage and the better quality of tobacco this year should have a tendency to increase the price of tobacco. Last year the price of flue-cured tobacco was about 30 cents a pound, and many crops bringing less than that from the tobacco companies. The acreage of the burley crop has also suffered a severe drop this year, being over 3,000 acres less than last year. Similar decreases are reported in other counties, making the total acreage of the various varieties of tobacco much less than in 1920.

ALBERTA WOOL SHIPMENTS

Alberta during 1921 shipped nearly 2,000,000 pounds of wool, most of which has been bought by Canadian mills, according to J. W. Renton, vice-president of the Co-operative Wool Co. The actual figures of shipments to date amount to 1,927,761 pounds, and it is estimated that 250,000 pounds of wool remain in the hands of growers, in small lots. The price has been about the same throughout the season and varies from 10 cents for coarse wool to 25 cents for the finer grades. There has been a constant demand for medium and fine grades.

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Western Oil Results Have Been Disappointing

Imperial Oil Company Has Met With Little Success Thus Far, While Other Companies Have Done Even Less—Dividends For Shareholders Are Far-off and in Some Cases Hopeless

By VICTOR LAURISTON

THE most striking feature of the 1921 drilling in the potential oil-fields of the Canadian West is the consistently inconclusive nature of the results secured. The existence of large oil reservoirs in the West has neither been proven nor disproven.

Widely circulated reports regarding actual oil discoveries and potential oil resources have led a large section of the Canadian public to regard the West as one vast oil reservoir. This idea is entirely erroneous. Indications of oil and gas have been found at widely scattered points over a vast area extending from the international boundary to beyond Fort Norman. Several productive gas fields have been developed, and a small oil production has been secured in two localities, hundreds of miles apart.

But the existence of oil seepages, and the finding of small oil and gas showings in wells drilled over a large area, does not mean that the entire area is a huge oil reservoir. The superficial area of even the greatest oil pools is, as a rule, relatively small. So huge is the area of the Canadian West, that we may look with confidence for the ultimate discovery of many oil producing fields of limited area; but the hunting for these, even with the aid of the geologist, is a good deal like hunting for a needle in a haystack.

Only Fifty Rigs in Operation

In a territory greater in extent than all the oil-producing states of the American republic, there have been this year in the Canadian West fewer than 50 drilling rigs in operation. With similar oil prospects, a relatively small area in Texas would be studded with thousands of derricks. Naturally, with such restricted operations over so large an area, development will be slow, and the ultimate proving or disproving of the petroleum resources of the Canadian West will be a matter of years.

The Season's Work

A review of this season's work in the west must of necessity make frequent reference to Imperial Oil, Ltd. This company has borne the brunt of the campaign. It has been interested this year in close to a score of tests in a dozen or more widely separated areas between the international boundary and the Arctic Circle. The Imperial Oil, Ltd. development campaign is a comprehensive, careful and intelligent one, based upon the most thorough geological investigation of the oil possibilities of the Canadian West ever undertaken. It has been in progress since 1919, and will ultimately involve the expenditure of millions of dollars. Its objects are exploratory rather than commercial. With this end in view, the drilling has been widely scattered, the most promising areas in the West being given first attention.

In 1921, the operations in the far north gripped the public attention to the exclusion of the far more numerous drilling tests carried on in old Alberta and Saskatchewan. The distance from civilization of the Fort Norman field, the widely circulated reports of a huge gusher there, the difficulties of transportation and development, and such spectacular elements as the establishment of aeroplane communication to bridge the huge distances—all these factors have combined to arouse widespread interest in the Mackenzie field.

Results Disappointing

Yet the results in 1921 have been disappointing. In a recent estimate of these results, sponsored by the production department of Imperial Oil, Ltd., throws clear light on the actual status of this celebrated well, which, last

year, was credited by rumor with an initial production of 2,000 bbls. a day.

"It is our desire to thoroughly test the territory and we are leaving nothing to chance. For this reason the season of 1921 has been a time of preparation, and we are not in a position to say that any advance has been made in our knowledge of the field since last year. Four new wells are at present contemplated, two of these are actively drilling now, but the progress made depends greatly on climatic conditions, and the ability to carry on during the winter is an uncertain factor.

"In addition to preparing for new endeavors, the most has been made of the success we have already achieved. Limited storage facilities have been built, and a small refining plant has been put in commission to supply motive power to our aeroplanes.

The Fort Norman Well

"The Discovery Well (at Fort Norman) at a depth of 783 ft. got production from the Fort Creek shales. Contrary to what has been freely stated in the press, the production was not from an 'oil sand', or even 'the main oil sand' as some writers with an eye to detail have described it. Drilling was carried below the oil horizon, and when it was seen that the 'pay' had been passed, 20 ft. of casing was removed and the oil spouted over the rig.

"Estimates of initial production are merely guesswork, as no storage facilities were available at the time and no capacity test was made. The early promise of Canada's latest gusher has not been wholly fulfilled. Having, in an initial burst of enthusiasm, blown its head off, there is now a fairly steady production of around 10 bbls. a day, unless the well is capped for 24 hours when a sufficiency of gas is accumulated to stage a come-back for a few minutes at a time.

"It is desirable, in view of the widely divergent reasons which have been given for this loss of production, to make it perfectly clear that natural causes alone are responsible. A driller returned from the north is quoted as ascribing the comparative failure of the well to 500 ft. of open hole which is caving badly. As the total depth of the well is 783 ft. and there is 760 ft. of 6 inch casing in the hole, the information is wide of the mark.

"Since the start of the season the well has been cleaned out to the bottom but no attempt has been made to deepen it, as we are dependant on its present production for our many activities. Its location precluded, to a great extent, the hopes of large or continued production. It has served its day and generation by proving the existence of productive horizons, and has still to exhaust the possibilities after deeper drilling."

This lengthy excerpt is desirable as giving the first and only official pronouncement as to the production and actual status of the Fort Norman well which, in the fall of 1920, directed the attention of oil seekers to the sub-Arctics.

Other Imperial Oil Wells

Outside the Discovery well, Imperial Oil, Ltd. has three additional tests definitely located in the Mackenzie field, below Fort Norman. No. 2, on Bear Island, had just started drilling when navigation closed in September. No. 3, almost directly across the Mackenzie from the Discovery well, was then down 92 feet. Derrick timbers and machinery were being assembled for No. 4 well, approximately six miles below (that is, north of) Fort Norman. Imperial Oil, Ltd. is leaving drilling crews in the north for the winter. These will drill as late as possible, and resume work as early as possible in the spring. Thus, by the time the first north bound boat reaches Fort Norman, toward

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the end of June or beginning of July in 1922, some of this drilling may have produced definite results. The year 1921, however, merely saw the work nicely started.

What other drilling will later be undertaken by Imperial Oil, Ltd. in this field depends on the results of the tests now in progress. The Bear Island well (No. 2) should give important data on which to base operations for the future, as the Bosworth series, which were found to contain oil in the Discovery well, will here be tapped at a distance from their outcrop. The Discovery well was located, not at the point where prospects were most promising for a large and permanent commercial production, but at the point where a production of any kind could be got the quickest.

In addition to the Imperial drilling, the Fort Norman Oil & Development Company drilled one test in the Mackenzie field, six miles south of the Discovery well. This test had to be temporarily discontinued at 1512 ft., owing to lack of casing; the drillers came out for the winter and will return next season to complete the well. A good flow of gas was struck, sufficient for camp and drilling fuel. At 1512 ft. the drill had not reached the geological horizon which, at 783 ft., was productive of oil in the Discovery well; indicating that at this point, six miles from the Discovery well, the oil-bearing formations are more deeply buried.

Mackenzie River Oil, Ltd. planned to start actual drilling this season; but the drilling equipment did not reach the field in time. However, a geological party headed by A. H. Low examined the territory, and selected tentative locations on which work will be done next year.

Other Oil Areas

The foregoing summary represents all the actual drilling done in the Mackenzie (Fort Norman) field during the past season. Outside this area, one test was drilled by Imperial Oil, Ltd. at Windy Point, on the north shore of Great Slave Lake. This well was carried between 1600 and 1800 ft., at which depth the granite was struck. The drill penetrated salt, and disclosed a little gas, but no oil whatever; though on the surface at Windy Point oil lies in pools. The result is regarded as definitely condemning this section of the Great Slave Lake district. The drilling outfit has been dismantled, and will be taken away next spring—possibly to a new location at Pine Point, on the south shore. No decision has yet been reached, however, as to this new location.

The result at Windy Point indicates that, if oil exists in commercial quantities anywhere in the Great Slave Lake district, the best prospects are south and west of the Lake. At the mouth of Hay river considerable territory was staked this summer by a geological party headed by Dr. J. J. O'Neill and A. H. Schurer. Montreal interests will next season undertake actual drilling in this area.

Handicaps in the North

In general, development work in the far north has been, and will continue to be, handicapped by the exceedingly short season, and the difficulties of transportation. Thus, the Fort Norman Oil & Development Company crew were not able to start work before July, and had to leave toward the end of August. The 16-mile portage on Slave River between Fort Fitzgerald and Fort Smith represented this year a monumental obstacle, which must be bridged by a railroad of some sort if the oil development of the far north is to proceed any faster than a snail's pace.

In Alberta and Saskatchewan, drilling by Imperial Oil, Ltd. has been supplemented by operations undertaken by other interests. The Imperial drilling, however, represents the backbone of the development work. It may for convenience be grouped into two general areas—the western area, represented by the foothill belt which runs parallel and just east of the Rocky Mountains for a distance of 800 miles or more north of the international boundary; and the eastern area, comprising central and eastern Alberta and western Saskatchewan.

Imperial's Eastern Area

In the eastern Area, Imperial Oil, Ltd. this year drilled

three tests in western Saskatchewan, and three more in eastern and central Alberta. Of the tests on the Saskatchewan side of the boundary, one, on the Great West Natural Gas Corporation leases near Rush Lake, finished a dry hole at 2,500 ft. depth and was abandoned, the formations being unfavorable to further drilling. At Muddy Lake, Sask. the Imperial has a test down 1780 ft., and at Consul, near the international and Alberta boundaries, another Imperial test is drilling at 1,800 ft. Neither of these has encountered oil or gas, nor is the outlook promising, though drilling is being continued.

In eastern Alberta, Imperial Oil, Ltd. some months ago finished a deep test south of Czar. No production was secured, though the drill, at 3,500 ft., had passed through all the possible petroliferous formations. The venture was, accordingly, abandoned. Further south, Imperial Oil, Ltd. has a test down 1750 ft. in the Misty Hills, south of Monitor, which, at last reports, had neither oil or gas.

In the Irma district, east of Edmonton, Imperial Oil, Ltd. this fall located a new test on sec. 18-45-7-4, within a mile of Fabyan station. A 3-inch pipe line has been laid to the Viking-Battle Creek syndicate's well at Grattan coulee, the gas from which will be used in the drilling at Fabyan. At Birch Lake, the Talpey-Arnold syndicate has been drilling; but progress has been hampered by drilling difficulties, so that no definite results have yet been secured.

The Irma District

The Irma district is, in a sense, an extension of the Viking gas field, 75 miles east of Edmonton. This field was developed some years ago by the North Alberta Natural Gas Development Company, which has nine or 10 gas wells with an estimated aggregate production of 40,000,000 cu. ft. a day or upwards. This production was to have been piped to Edmonton; but the company and the city could not agree on a proposed increase in the rate fixed by the original franchise. Showings of oil were encountered in one or two of the Viking gas wells, lending encouragement to the idea that commercial oil production might be secured by extending the drilling.

The Imperial test in the Misty Hills is one of a group of wells drilling south of Monitor. These include a test by the Talpey-Arnold syndicate, which has shut down for the winter without securing definite results; another by the West Regent Oil & Gas Company, of Calgary, last reported drilling around 2,500 ft.; and one by the Mud Buttes Oilfields, Ltd. of Calgary, which only recently started actual drilling. The Talpey-Arnold syndicate is reputed to represent the Union Oil Company of California.

In Central Alberta the Mutual Oil & Gas Company of Edmonton started drilling at Pigeon Lake, 25 miles from Wetaskiwin, early in November. A test near Lac Ste. Anne, started last year by local interests and at one time reported a commercial producer, has failed to produce definite results. Efforts are being made to reorganize the Nakamun Oil & Asphalt Company of Edmonton. This company, which sold quite a bit of stock in England, drilled a 1,400-ft. hole near Lake Nakamun in 1914, but had to discontinue owing to the financial stringency following the outbreak of the war.

Unproductive Areas

So far as central and eastern Alberta and western Saskatchewan are concerned, the results of this year's work have been indecisive where they have not been negative. No commercial production, either of oil or gas, has been secured. The Czar and Rush Lake prospects have been definitely condemned by dry holes. Operations in this general area are hampered by the lack of outcrops, rendering the preliminary work of the geologist very difficult, and compelling the operators largely to "go it blind" in locating their tests. The areas tested represent, however, the most promising locations so far as geological science has been able to determine them.

In the foothill belt of western Alberta, five distinct areas are being tested by Imperial Oil, Ltd. and associated interests. The northernmost of these is the Pouce Coupe district, where a well was started last July on Pouce Coupe Creek, a few miles east of Rolla, B.C. At 1640 ft. this

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well, after encountering showings of oil and gas at many horizons, struck a large gas flow, estimated at 2,500,000 cu. ft. a day. This flow has been increased by deeper drilling, and at last reports was estimated anywhere between 11,000,000 to 30,000,000 cu. ft. a day. These estimates are unofficial and are probably much exaggerated. The well seems, however, to have got a considerable gas production, which, owing to the absence of population, is practically worthless. The well is to be drilled deeper for oil. Imperial Oil, Ltd. and other interests hold extensive leases in this district, and if commercial oil production results from the first test, a lot of development work will follow.

In the Brazeau district, west of Edmonton, Imperial Oil, Ltd. has located a new well at Coalspur Station, and will, if possible, carry on drilling operations through the winter. This, also, represents a portion of the foothill belt.

The Okotoks Field

Southwest of Calgary is the Okotoks field (also known as the Dingman, Turner Valley, Black Diamond and Sheep Creek field) which was responsible for the Calgary boom of 1914. This field has several producing wells, the best being the Southern Alberta Oil Company flowing well, which had a probable maximum production of 50 bbls a day. A subsidiary of this company operated a small refining plant, selling the gasoline and kerosene throughout the adjacent territory. The pioneer company in this field, the Calgary Petroleum Products, Ltd. which drilled the two Dingman wells, met with many difficulties, including the destruction by fire over a year ago of a gasoline absorption plant constructed to extract gasoline from the "wet gas" production of the Dingman wells. Imperial Oil, Ltd. came to the assistance of this company; and the outcome was the organization last January of the Royalite Oil Co., in which the stockholders of the original Calgary Petroleum Products, Ltd. retained a substantial interest.

Since then the Royalite Oil Company has drilled Dingman No. 3 well to 2,000 ft., securing a wet gas flow estimated at 1,000,000 cu. ft. a day. This well is to be drilled deeper for oil; and No. 4 has been located not far from the Southern Alberta No. 1. The Royalite Oil Company also has a new gasoline absorption plant completed and ready to operate. This will extract the gasoline from the wet gas; and the dry residual gas will be piped to Okotoks, where it will be turned into the line of the Canadian Western Natural Gas Company, for distribution to Calgary. The Royalite Oil Company will pursue a policy of steady and systematic development of the Okotoks field; which—outside the Imperial Discovery well at Fort Norman—is today the only commercial oil field in the Canadian West.

Southern Alberta Oils, Ltd.

The Southern Alberta Oil Company, Southern Alberta Refineries, Ltd. and Alberta Southern Oil Company, controlled by allied interests, this year merged their identity in the Southern Alberta Oils, Ltd. New capital has been secured and further development work will be carried on. Several smaller companies, formed at the time of the Calgary boom or shortly after, still have drilling outfits in the Okotoks field; but the work done by these has been intermittent, and no additional production has been secured.

Further south, another foothill area near Nanton—the Willow Creek field—is the scene of two tests by Imperial Oil, Ltd. Of these, one initiated by the Imperial, on sec. 29-14-2-5, is down 2141 ft. without a show. The Imperial is also completing, under arrangement with the Alberta Associated Oils, Ltd. the "Christie" well on sec. 7-16-2-5. This is being held up at 2860 ft. by drilling difficulties.

Close to the international boundary, Imperial Oil, Ltd. has two tests drilling in the Twin Butte field near Pincher Creek. No. 1 well, sec. 14-4-30-5, is drilling at 2,730 ft. and No. 2 sec. 20-3-29-4, is drilling at 3,450 ft. Neither has secured any commercial production.

Thus, the foothill belt has secured, at Pouce Coupe,

some encouragement of oil production in the form of a considerable flow of gas; and in the Okotoks field has had for several years a commercial oil production. These foothill areas today represent probably the most encouraging prospects for oil in the Canadian West.

Southern Alberta

Outside the foothills proper, there has been a little drilling, chiefly by local interests, in various parts of southern Alberta. Many years ago a small production was secured at Oil City, in the Pincher Creek district; and Wm. Livingston of Calgary, who is also interested in the Southern Alberta Oils, Ltd., has been doing some work in this southwestern corner of Alberta. Further east, the development of commercial oil production in Montana has stimulated interest in the Sweetgrass district, close to the international boundary; and there has been some drilling near Gardston and Foremost, so far without commercial results. At Aldersyde, south of Calgary and east of the Okotoks field, the Sam Drumbeller Oil & Gas Company is drilling a well on the Bird ranch. The Canadian Western Natural Gas Company is reported to be undertaking some new drilling for gas in Southern Alberta, to replenish the declining supply from the Bow Island field.

Bow Island and Medicine Hat, both in southern Alberta, have been famous gas fields for many years. This year the Medicine Hat Development Company is drilling for oil in the Medicine Hat district, near Many Island Lake; and is reported to have encountered slight oil indications at 910 ft. depth.

Peace River District

Two areas in northern Alberta which have received a great deal of attention in the past are not included in the Imperial Oil, Ltd. campaign. One of these is the Peace River district, where the Peace River Oil Company drilled the McArthur No. 1 well about four years ago. A dozen or more tests for oil have since been drilled in the 20 miles north of Peace River. Most of these encountered shows of heavy asphaltic oil within 1,000 ft., and the McArthur No. 2 was reputed to indicate a production of 50 bbls a day. However the operators in attempting to drill deeper encountered a big flow of salt water under heavy gas pressure, which forced the abandonment of the wells. This big water vein, supposed to lie between the Cretaceous and Devonian formations, has been in the past the fatal obstacle to successful development.

This year three companies were still active in the Peace River district. Peace River Petroleums No. 2, drilling near Tar Island, finished as a water gusher, after encountering encouraging oil showings. San Joaquin Oil Company No. 2, sec. 12-85-21-5, after battling with almost insurmountable obstacles, appears to have overcome the water problem and is ready to drill deeper. The Victory-Albersas well at Peace River town, which now has the deepest hole in the field, seems also to have shut off the water. Drilling in these two wells has not been carried far enough into the underlying formation to furnish conclusive results.

The Tar Island Development Company has secured a Vancouver contractor to put down two diamond drill holes, in an effort to overcome the water problem; and Vancouver interests are projecting another test by the same method.

Athabaska District

The other northern Alberta area referred to is the tar sand district of the Athabaska, famous for its exposures of petroleum-impregnated sandstone. Many shallow tests drilled in the vicinity of Fort McKay and Fort McMurray have uniformly encountered showings of black oil too heavy to flow or pump. Undoubtedly the tar sand deposits contain an immense quantity of oil; but the general view now held by geologists is that there is no structure to collect the oil in quantities sufficient for drilling. There may be oil pools in isolated areas at some distance from the outcrops; but the consensus of opinion seems to be that the development of the tar sand deposits is a distillation proposition rather than a drilling proposition.

This year several companies have made preliminary

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tests of various distillation processes. The Alcan Oil Corporation of New York has begun one well near Fort McKay, to be finally completed next season; and also plans to set up a 50-bbl distillation plant. The Dutcher Oil company this fall tried out a process of extracting oil from the tar sands by application of heat; a fair quantity of oil was secured in the experimental work, and plans are being made for setting up 10 or 12 reports next year. H. Draper of Petrolia has also done experimental work; and the G. J. Hammond syndicate of Fort Worth, Texas, which recently took over 6,000 acres of the tar sand holdings of the old Athabasca Oil & Asphalt Company, is planning to set up a distillation and refining plant. Little definite informa-

tion is available as to the proportion of oil recovered from the tar sands; but several different processes are being utilized, and other companies besides those specified are reported more or less active in this line of work.

In north-eastern Saskatchewan, the North Battleford Oil & Gas syndicate in October commenced drilling a well on the Nabi river, in the Pasquia Hills district—an area far removed from the other oil operations in western Canada. The Manitoba public works department has also been doing some drilling in the Dauphin district of Northern Manitoba, but no commercial results have been reported. Alberta is, for the present at least, the great field of drilling activity.

Legal Decisions of 1921 Affecting Investments

Agreement of Sale of Lands by Executors of an Estate—Subscription For Stock in a New Company—Instructions to Broker For Grain Transactions—Western Canada Mortgage Co. vs. O'Farrell

A CASE dating back to the boom days in western real estate, involving some \$250,000 was decided by the Supreme Court of Canada during the past year. The judgment of the Supreme Court of Alberta granting specific performance of an agreement of sale of lands by executors of the Inman estate and by J. H. Mellish to H. P. Kennedy, was upheld. The case dates back to 1913 when Kennedy purchased some 500 acres of land to the east of the Edmonton stockyards, just outside the city limits. The Inman estate comprised 320 acres, while 180 acres were purchased from Mellick. With real estate booming and land going at unheard-of figures, Kennedy paid \$298,000 for the acreage. Shortly after the sale was effected the bottom dropped out of the boom and Kennedy did not complete his payments. Suit was brought by the respondents in the present case in the Supreme Court to compel Kennedy to carry out the agreement.

In the Inman case \$14,000 has already been paid, while \$192,000 is the amount claimed. A total of \$68,000 was paid on the Mellick property and suit brought for the balance of \$24,000. In his defence the appellant asserted that the Inman property was never at any time worth any more than \$31,000, while the valuation of the Mellick property was placed at \$21,900. The court was asked to relieve him from his contract by allowing him to forfeit a considerable part of the amounts already paid without further liability on the ground that in 1913 all parties were laboring under the general infatuation incidental to the times, resulting in fictitious values being placed on Edmonton property. The famous South Sea bubble of 1720, when a great portion of the population of England lost their heads and plunged deeply into speculation, was referred to, and it was pointed out that at that remote date in many instances English judges had seen fit to grant relief.

Subscription for Stock

In a stated case to the Supreme Court of Alberta on a question of investment in stock, it was held:

The facts of the special case stated to the court were: The applicant, with others of his class, subscribed for shares in the company. A couple of years later they claimed to have learned of some facts in connection with the purchase of the land, for the acquisition of which the company had been formed, and with respect to the constitution and distribution of the company's shares with which they were not theretofore familiar, and they brought action against the company and some of its directors. Two days later a settlement of the action was arrived at, the terms of which were embodied in a written agreement.

The company was not a party to this agreement.

The shareholders who were parties to this agreement seven months after date brought action against the other

parties to it for specific performance of it, in which they afterwards obtained a judgment for specific performance, with a personal judgment against the defendants therein for the amounts respectively owing to them under this agreement. The company was not a party to this action. This judgment directed a rectification of the company's share register by removing therefrom the names of these dissatisfied shareholders and substituting therefor the nominee of the purchasers of their shares. The company refused to obey this order, and a motion at the instance of the plaintiffs in that action, including the applicant, to compel it to do so was cut short by the winding-up order.

The pertinent parts of the judgment are as follows:

"The applicant's right to rescind was lost by the commencement of the winding-up proceedings unless before then he had repudiated his shares and had commenced proceedings for rescission. The bringing of the first action, in which he was a plaintiff, was a proceeding brought for the rescission of his contract to take these shares, and it was an effective repudiation of them.

"The applicant's right to have his name removed from the register and from the list of contributories is based entirely upon his claim that he is entitled to rescission of his contract. It is impossible for him to make restitution in integrum because of his agreement to sell his shares, and he, therefore, is not entitled to rescind. His claim for rescission is absolutely inconsistent with his recognition of his contract in his agreement to sell his shares, his insistence upon that agreement by his action to enforce it, and his subsequent attempt to continue his original contract by having the purchaser of them registered in the books of the company as the owner of them.

"In my opinion, the applicant is, for the reason given, not entitled to have his name removed from the list of contributories."

Instructions to Brokers

Another case in Manitoba decided that "One who instructs his broker to sell for him wheat which he agrees to deliver, and which it is the intention of the parties shall be delivered, the broker causing sales to be made to various persons in consequence of these instructions, and who is unable to make delivery and authorizes such broker to purchase sufficient other wheat to close out these transactions is liable to the broker for any loss which such broker sustains in carrying out such transactions."

The above is in substance the judgment in the case of Canadian Grain Co., Ltd., vs. Nichol. The facts of the case were:

In July, 1916, Nichol instructed the company to sell on his account wheat for delivery in October, amounting to 9,000 bushels. The company through its Winnipeg

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agents did so. After this wheat was sold, the price of wheat rapidly rose. By the rules of the Winnipeg Grain Exchange it was necessary to put up margins to protect the contracts of sale against the rising price. Nichol did not have the money and he asked the company to supply it, which they agreed to do provided Nichol would undertake to deliver all the grain sold on his account, and indemnify them against any loss arising from his failure to so deliver. To this Nichol agreed in writing, and the company put up the necessary sums to protect his contracts. On October 24 he notified the company that he could not make delivery of any wheat, and on the same day instructed them to buy 9,000 bushels to fulfill the contracts of sale which they had made on his behalf.

The action was for the difference between what the company was obliged to pay for the wheat in October and the amount coming to Nichol from the purchasers to whom the company had sold 9,000 bushels on his behalf. The defences relied on were: (1) That the contracts were illegal, being contrary to sec. 23 of the Criminal Code, and (2) that the company did not make privity of contract between the principals.

In the judgment, the following explanations of the decision above, were given:

"So far as the first objection goes, I agree with the trial judge that that is disposed of by his finding of fact as to the intention of the parties, that there was to be delivery of wheat by Nichol. The trial judge, however, held that the company did not make privity of contract between two principals.

"So far as this is concerned, when the broker representing the defendant on the Grain Exchange sold the wheat of the defendant to other brokers representing purchasers, then it seems to me, that there was a binding contract entered into for the sale and purchase of the defendant's wheat."

Mortgage Investments

Another case during the year, that of Western Canada Mortgage Co. v. O'Farrell, dealing with mortgage investment, is also interesting. In this case, stated in an action on a mortgage, the Alberta Supreme Court held that under sec. 63 of the Edmonton charter, where a mortgagee allows the mortgaged property to be sold for taxes and becomes the owner at the tax sale, the mortgage so far as it is a charge against the land is extinguished, but the Court may give effect to 10 Geo. V. 1920, ch. 3, sec. 1 (16a) and allow the plaintiff to proceed upon the personal covenant in the mortgage and issue execution thereon.

The facts were: "The plaintiff sues upon the covenant of the defendant in a certain mortgage given by the defendant to the plaintiff, September 15, 1911, which was varied as to the dates of payment by an agreement between the mortgagor and mortgagee on October 2, 1914, whereby the defendant covenants to pay the sum of \$8,000 with interest from October 1, 1914.

"The defendant in the mortgage covenants that he pay all taxes levied against the said lands and in default of his doing so the mortgagee might pay all taxes and same, with interest, should become a part of the money secured under the mortgage. The mortgagor did not pay the taxes and the lands in question were sold by the city of Edmonton for arrears of taxes, amounting to \$2,219. At the sale by the city of these lands, for arrears of taxes, the mortgagee purchased the lands for the said sum of \$2,219 and became the registered owner thereof and has since paid the taxes assessed against the said lands."

The judgment was in part as follows:

"In my view sec. 63 of the Edmonton Charter must be considered, as such section provides that such a transfer under tax sale as occurred in this instance shall not only vest in the purchaser or his assigns all rights of property which the original holder had therein, but shall also purge and disencumber such land from all payments, charges, liens, mortgages and encumbrances of whatever nature and kind other than existing liens of the city or Crown. I am unable to give any other effect to that section than the declared intention thereof which seems to be this, that

the mortgage, so far as it is a charge against the land, is extinguished and that any attempt to bring the land itself into the proceedings would manifestly be destroyed by the effect of said sec. 63.

"I am of the opinion that sub-sec. 16 (a) of sec. 1, 10 Geo. V. 1920; ch. 3, should be given effect to in the present instance by allowing the mortgagee to proceed upon the covenant and to issue execution thereon."

COURSE OF RAILROAD EARNINGS

Reductions in 1921 Reflect Falling Off in Traffic and Lowering of Freight Rates

Of Canada, shown in detail elsewhere, are substantially lower than in 1920. Ordinarily they reach their peak about October when grain traffic is heavy, and fall off during the winter. This is shown by the following figures for 1919:

	C. P. R.	Gd Trunk	Can. National
January	\$12,797,000	\$4,402,229	\$6,787,517
October	19,113,000	9,540,544	9,542,328
December ...	16,850,000	8,127,871	8,746,930

A similar comparison for 1920 and 1921 is as follows:

1920			
	C. P. R.	Gd Trunk	Can. National
January	13,669,000	5,054,030	7,267,562
October .. .	24,607,000	11,666,798	12,351,167
December ...	20,418,000	10,855,482	12,434,075
1921			
January .. .	14,208,000	8,877,698	8,781,829
October .. .	21,893,000	9,743,332	11,691,881
December. . .	.....	.....	.....

While the earnings for January, 1921, were well in advance of those in January, 1920, it was apparent in the case of the Canadian Pacific, the most representative of general conditions, that the increase was not as great as during the year 1919. A comparison of the falling off between the October maximum and the January figures for both years shows this even better:

	C. P. R.	Gd Trunk	Can. National
October, 1919	19,113,000	9,540,544	9,542,328
January, 1920	13,669,000	5,054,030	7,267,562
Decrease .	5,444,000	4,486,514	2,274,766
	C. P. R.	Gd Trunk	Can. National
October, 1920	24,607,000	11,666,798	12,351,167
January, 1921	14,208,000	8,877,698	8,781,829
Decrease .	10,399,000	2,789,100	3,569,338

Changes in Freight Rates

The factor of rates is, of course, an important element in these changes. The increase of 40 per cent. on eastern lines and 35 per cent. on western lines, effective in August, 1920, helped swell the earnings during the late months of the year. Five per cent. of this was lopped off on January 1, 1921.

FARMERS' BANK ASSETS

No dividends may be expected by shareholders of the defunct Farmers' Bank of Canada, according to a statement made by G. T. Clarkson, the liquidator, last February. The most that the assets would do, he said, is redeem the note issue, and provide for liquidating expenses. All the assets had been disposed of by that time, with the exception of a few judgments of doubtful value and a one-quarter interest in the Cochrane mining claim at Cobalt, which might have some value.

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Buying on a "Hunch" Is Almost Always Disastrous—A Comparison of Real and Market Values—Market Is Best Judge of Values, But Sometimes It Is in Error

BY JOHN S. WATTS

At the end of each year it is commendable practise to take stock of our position, and calculate the gains and losses made during the year, finally striking a balance sheet enabling us to compare our present position with that of a year ago. This work, while very essential, should be regarded as only a beginning towards the really important one of studying the errors and omissions we have been guilty of during the year, which have prevented us from profiting from the available opportunities we have had, as much as we might have done. Probably there is no class who can recite with more sincerity that part of the prayer "we have done those things which we ought not to have done, and we have left undone those things which we ought to have done," than the investor in stocks, the things done or undone in his case being the stocks bought or unbought.

The point is that at the end of the year, we have an excellent opportunity to study the fluctuations of the stock market, and profit by our mistakes, by learning the reasons why certain stocks have not appreciated that at the time we bought them, were in our opinion due to rise, and how it happened that other stocks which we had neglected did go up. Without such study it is useless to expect to be able to do any better in the future, while with the knowledge to be gained by a reasoned analysis of the market at a date sufficiently later than the actual movement under consideration to ensure having all the data bearing upon it, we may expect to be able to forecast the action of the market more accurately each succeeding year, with a financial success well warranting the time spent upon study.

I cannot emphasise too strongly the fact that the buying of stocks, most particularly on margin, on the strength of a hunch, may lead to an occasional gain but if continued the gains will infallibly be wiped out by the losses. Indeed unless one is prepared to spend a fair amount of time and thought in studying the market, it would be better to stay out of the game, and no superficial study will be any use, real success demanding a thorough and wide knowledge of all the factors bearing upon the value of any particular stock.

Real and Market Value

There are practically always two values for any listed stock, namely the real value, that is the price at which the stock would be selling if it was possible to know definitely what dividends would be paid upon it, during the next few years. Obviously if the earnings of the stock in the next few years could be accurately forecasted, and also the average rate of interest paid for capital invested under like conditions during that time, it would be simple arithmetical calculation to determine the price that should be paid for such a stock to earn this average return, this price being what I call the real value of the stock.

The other value, is the present market price of the stock, and is practically speaking the average of what the investing public considers to be the real value of the stock as defined above. The difference between these two values, is a measure of the inability of the investing public as a whole to accurately foretell the future of that stock, and it is by his ability to more clearly trace ahead the probable course of events that the real investor is enabled to profit by the errors of the general public.

The difference between these two values represents a sure profit to the one who can most accurately determine the real value of a stock, and as in every slump the bulk of all the stocks fall far below, and in every boom rise far above this real value, there is ample scope to earn profits more than commensurate with the time and ability re-

quired to enable one to appreciate the real value of a given stock with more accuracy than the average man who merely dabbles in stocks.

Wide Difference

It would seem that when the market price is fixed by the considered opinion of its real value of a large number of people who have backed up this opinion by risking real money, that there could not well be much difference between the two prices, as the composite intelligence of this body of people would arrive at an average price at least approximating the real value. Experience in the stock market however proves beyond a shadow of doubt, that while the price of a stock will on the whole, taken over a considerable period of time, average up around its true value, it will during the same time fluctuate widely both over and under this value. The action may be described as a continual hunting by the market price for the true value of the stock, accompanied by continual over-shooting of the mark in both directions.

The effect of a shrinkage in the amount of liquid capital available for investment or speculation such as we have had this past year, is to cause a fall in the market prices of all stocks, but in this connection it must not be forgotten that this scarcity of capital also reduces the true value of all stocks, as when money is scarce it will demand and receive a larger return in interest. In estimating the true value of stocks, it is therefore essential to study the possibility of this value being affected by a scarcity or plente of capital in the near future.

Rate of Interest

When money is invested with a view simply to the interest return in dividends, this fluctuation in the supply of capital is unimportant, as the laws of supply and demand will dictate the rate that can be earned, and the movements in the future market price of the stock are of little concern if the stock is not intended to be sold. For the speculative investor the future price is of paramount importance, and the bearing of this matter of the supply of capital is that it will affect the future price, and while the price of a stock may be low to-day having regard to the return being received for capital to-day, the same price may be too high in a year from now, if capital is then gaining through scarcity a greater rate of interest than it is today. If on the other hand capital is more plentiful next year, then the true value will be even higher than it is now.

The only other factor affecting the real value of a stock is its ability to pay dividends, and the amount of such dividends. This factor is determined by the efficiency of the management of the company, their control of the essential raw materials, and the attitude of the labor employed, that is whether it is of a class that is easily misled by agitators into wasteful and costly disputes, or is of a class that is sufficiently intelligent to be able to negotiate a fair and proper agreement with its employers without first involving both sides in disastrous losses.

Earning Power

Both of these factors are best appreciated as to their future effect by a study of the company's history, judging from what has happened in the past, what is likely to occur under given conditions in the future. In so far as regards the supply of capital, it seems that from past experience we may expect a fairly regular fluctuation in the supply, having a period of around seven years from one time of scarcity to the next. The second factor, that of the ability to earn dividends, which is the more important

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factor, can be estimated only from a study of the past performance of the company, and of any changes in the situation which may occur in the future and which would affect this ability either adversely or otherwise.

It may be argued that what we really want to know is, what the market price will be in the near future, and certainly it would be very desirable to have this knowledge, as the man who could guess the market right even only seventy times out of a hundred would in a few years own every stock that is on the market. The market price, however, is governed altogether by the opinions of the investing and speculating public as a body, and is subject to no rules or laws from which we could judge the probable movement of any stock except that sooner or later a stock will sell at or around its true value.

The risk of margining a stock with the whole of one's available capital is too great to be considered as anything but gambling, as it is impossible to foretell what the opinion of the whole investing public will be of any particular stock during the month, and hence it is essential to be able to carry on through a sudden drop by putting up additional margin or collateral. The only possible way to reap a permanent profit is by intelligent study of the intrinsic values of stocks and their purchase with the intention of holding until this value is reached or the course of events proves that our original reasoning was in error, in which event our action should be based on the later information that time has brought forth.

With a clear understanding of the fact that the profit to be earned on a speculative investment is dependent upon the speculator's ability to accurately estimate the real value of stocks, and is measured by the difference between the real value and the present market price, we are in a position to profit by past experience and by reviewing our forecasts from time to time in the light of what actually did happen, should advance steadily in the ability to profitably invest in stocks that are selling below their true value.

Then again, if a stock is purchased or margined on a reasoned analysis of the situation, one is less likely to be influenced by any sudden slump in the market, and in a panic sell at a loss when by holding on for a while the expected profit would be realized. Indeed, having once bought a stock, nothing should induce one to sell at a lower price than that originally estimated as the real value, as experience proves that all upward or downward movements are always carried further than the facts warrant, that is a stock will always go higher than its real value in a bull market, and lower in a bear market. Nevertheless, to be on the safe side, it is good policy to confine oneself to the profit to be made by selling at this real value, notwithstanding that it will probably go further. Of course, while waiting for this price to be reached it may happen that events will prove our original estimate to be in error; in which case our only recourse will be to review our estimate, and shape our action in accordance with the later information. The main point being that we should not allow the fluctuations of the market to affect our judgment, but only have regard for authentic information bearing on the real value of the stock.

Market Sometimes Errs

There is a theory quite generally held, that the stock market is always right, as witness the quite common comment that a certain stock is falling on the market, and that therefore the dividend must be going to be passed. That this theory is totally in error, there are numerous instances during the past year to prove. To cite a few, take Steel Co. of Canada, which on a rumor that the next dividend was to be passed, fell to 42½, but in a few weeks climbed back to around 59. Another case we have in Lyall Construction, which dropped to 35 in a similar panic, and is now selling at 63. Still another is shown by the action of Steamships Preferred, which fell to 38 but quickly reacted to 50.

Now in any of these stocks and particularly in the first, a study of the affairs of the company as published and available to any investor would show that the dividends were not in any real danger, or at most only temporarily

so, and the sacrifice of these stocks at such low prices can only be attributed to one of two causes. Namely to an unreasoning panic on the part of some of the holders, caused by their having more faith in the opinion of the market, than in their own; or because of the stock being held on margin, and the inability of the speculator to provide more margin to protect his holdings against just such unwarranted slumps. To the first the only possible advice is that if a man has not the courage of his opinions, he had better stay out of the market, or be content with the five or six per cent. return on bonds, although even then he may lose if he does not display more intelligence. To the second, the experience of the past year should be sufficient to convince him of the folly of margining to the last dollar. This last type is the man who is mainly responsible for the extreme fluctuations of the stock exchange, but as it is largely from his contributions that the more cautious investor gains his profits, it ill behoves us to be too sarcastic about him lest he fail to return to the shearing when he has accumulated another crop of wool.

Broad Movements Significant

Notwithstanding that the minor and temporary fluctuations in the price of single stocks are, as I have shown, very unreliable as indications of the future prospects of that particular stock, it cannot be gainsaid that the broad movements of the stock market as a whole, are quite accurate fore-runners of the state of business that may be expected to arrive at some period varying between three to six months in the future. This past year is an example of this prescience of the market, as we had a steadily falling market from the first of the year, reaching its low point about July. As is well known the general state of business gradually got worse from the first of the year, and continued to do so until about October. Judging from the fact that the market commenced to rise slowly in August, we may expect to see a slow revival in business commencing in earnest about the end of this year.

The bearing of this action of the stock market, foretelling the state of business, to the investor, is that if the information at his disposal points to a change in the state of business he may look for this to be anticipated by the stock market rising or falling as the case may be some months ahead of the actual change. In fact this broad movement of all listed stocks in anticipation of a revival or slump in business is simply the effect of the anticipation on the part of the body of the investing public of this very change in the state of affairs. The accuracy of this movement in the prices of stocks is therefore neither more or less accurate than the ability of the investing public to foresee the future, and is dependent upon the intelligence of these people entirely.

One more point is the wisdom of avoiding the temptation to buy simply because a certain investment is selling cheap. That is the investing of money in something that is selling at a much lower price than it has previously, on the general principle that it is sure to come back in time. An example of this is the gambling in German Marks which was largely done on the single assumption that being so far below their normal rate they could not well fall lower, and that with a return to normal times they would rise to nearer par. There is in this country too little data available for intelligent anticipation of the probable course of exchange, and in any case the problem of international currency, being world wide in its implications, is too big for the average investor. From present indications I would look for a still further depreciation in German securities, indeed I expect that next year Germany will be in the throes of a financial crisis, which will involve the loss of any money invested in that country. The lesson from this experience is to confine ones investments to affairs of which it is possible for us to have sufficient knowledge to form an intelligent opinion, and that no matter how much lower the price of a certain investment may be than it usually is, its real value may quite possibly be still less, and without some actual knowledge of what this real value is, we have no business to touch it.

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LAND SETTLEMENT AND IMMIGRATION

Problem is Now Complicated By National Railway's Needs—
The Western Canada Colonization Association

BY G. W. AUSTEN

A YEAR or two ago an organization named the Western Land Colonization Association was formed. Its object was to procure settlers to take up well-located idle lands in the West, and to help them. Nearly a million and a half dollars were subscribed by leading Western and Eastern men. But the Association is almost at the point where it started. What is the matter?

The explanation is not hard to find. Soon after the Association was formally organized, it obtained a general manager, Brig-General McRae. A few months later he quit. The Association was put up against the stone wall of land speculation. It found that it had no stable assurance of reasonable prices for land sought settlers and purchasers for. Settlement creates land value, naturally, and as soon as owners found that the Association was figuring on their land, or land in the neighborhood, they began to think their holdings worth considerably more. The activities of the Association threatened to hoist it with its own petard.

Compulsion is Necessary

The Association then declared a suspension of operations. It had a sort of promise from the Manitoba, Saskatchewan, and Alberta Governments that they would apply some sort of a "big stick" to the owners of vacant lands. But until legislation is passed, at the present sessions of the Legislatures, nothing effective is possible. The Association wants Acts compelling owners of idle land desired for settlement to put a price on their holdings, this price to be made the basis for a sliding scale of taxation. The Governments are favorable, in principle, but in the West land speculation has been one of the chief industries, and they fear to offend the powerful interests that resent such "confiscation." There are large mortgage companies, and big land holding companies that would be very adversely affected by any scheme to pry their vacant farm lands loose at a reasonable price,—a price that would enable settlers to finance them—and also many of the big farmers. The Governments do not feel comfortable at taking so many powerful influences by the neck, in the interests of the whole community.

This particular condition has a vital interest for all Canada, for the West is hard hit by low grain prices, low cattle prices, and the Young Emergency tariff. If land values are held abnormally out of line, by the speculators, the inflow of new settlement will be badly checked. The idle 20,000,000 acres of land suitable for settlement, and close to the railways, will remain idle. Our railway problem will remain largely as it is. Canadian manufacturing will be badly checked, and Ontario and Quebec will suffer. The biggest uplift Canada can get, economically, will be from the settlement of our idle lands, particularly in the West, and if speculators try to take soil off that settlement, under present conditions, they will retard the whole Dominion. The remarkable period of prosperity that Canada had from 1900 to 1912 was caused, principally, by the opening up and settlement of the West. The lands there were free. Homesteading was the thing. After the homesteaders went stores, equipment for towns and villages, and then railroads. The great railway construction era that signalized the rapid inflow of settlers was a time of enormous expansion for Canada—of over-expansion so far as Transcontinental lines went. The sky was the limit in the railway gamble.

Overcome Railway Deficit

But the experience of Canada then is sufficient illumination to point the way for us now. We have the railways there. As bankrupt lines, the Grand Trunk Pacific and

Canadian Northern were taken over by the Government. In the last two or three months, the National Railways as a whole have reported an operating surplus, but fixed charges will leave a deficit of anywhere from \$35,000,000 to \$50,000,000, even if the operating balance is on the right side for the balance of the fiscal year. Every settler is worth about \$750 in annual revenue to a railway, according to C. P. R. experience, and if the 20,000,000 acres were populated, and tilled, there would be a million new population along the Western railway lines. That new settlement would, by itself, almost enable the National Railways to pay.

Not alone in relieving the Dominion treasury of perhaps \$45,000,000 outlay each year for railway losses, but in providing business to manufacturers and workmen, the settlement would work an economic revolution. The experience of the Soldiers Settlement Board shows an average cost of about \$4,000 for land equipment. About \$1,500 is required for stock and implements and buildings of the simplest character. If a hundred thousand settlers each spent a thousand dollars on getting equipment, materials, etc., the hundred million dollars of business would radiate through the whole business world of Canada, and put an entirely different aspect on the sales manager's outlook. Some of the Western enthusiasts have figured out in detail the economic benefits of such an extensive settlement, but, unfortunately for them, the practical obstacles in the way make the estimates rather useless. The thing is to get the land under option at reasonable prices, and apparently nothing but compulsory action by the local Governments will be sufficient.

Small Taxes Now In Effect

The Saskatchewan and Alberta Governments have idle land taxation now in effect, amounting to one per cent on the assessed value of the idle lands. As idle lands may be assessed at \$5 an acre, the tax is accordingly very small. On a quarter section it might be from \$5 to \$10 a year. This is obviously not enough to compel holders to let go. Indeed, with the comparative depression in the West, politicians do not want to compel any land holders to let go. Tax sales, liquidation, and plain abandonment of land have been all too frequent. Many square miles of land close to the cities and towns has reverted into "farming" land. It used to be valuable "suburban" areas.

Canada will begin to get a big immigration this Spring, if the Government is willing. The British Government is anxious to help the British unemployed to go overseas to the Dominions, and to Canada in particular. If some method is completely arranged whereby the British Government will establish big farming colonies in Western Canada, to receive these workers, train them in Canadian agriculture, and then help them to become established for themselves, the problem of Britain's unemployed, and our own land settlement difficulty, would be relieved. But as it is, the settler who wants good Western land, close to the railways, must be prepared to pay \$35 to \$40 an acre for it, and for 160 acres this means a lot of money, far more than the average settler can spare. We want cheap lands, available on easy terms, and then Europe and the United States will not be slow in filling up the vacancies in the "world's breadbasket."

In August, 1921, Hon. W. E. Foster, Premier; Hon. J. P. Byrne, Attorney General and Hon. J. E. Michaud, Minister without Portfolio, were named as the three members of the New Brunswick Government to become a board of trustees to succeed the Prudential Trust Company of Montreal who had been handling securities of the St. John and Quebec Railway Co. to the amount of \$200,000.

Early in 1921 the Vancouver branch of the Toronto General Trusts Corporation moved into new premises at Pender and Seymour Sts., the new property costing \$150,000. Ewart W. Hards was also appointed secretary of the branch. The manager is G. H. Forbes.

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CANADA LIFE ASSURANCE COMPANY
HEAD OFFICE - TORONTO

New Life Business Fell Off in 1921

Cancellations Follow Deflation in Values—Total Business Written About Twenty Per Cent Less Than in 1920—Policy Loans Increased—Mortality Much Lower Than in 1920

(CONTRIBUTED)

IN the history of Life Insurance operations in Canada, the year 1921 must be recorded as a memorable chapter of depression in all kinds of business, through post-war readjustment of all branches of industry and commerce, as well as finance, throughout the world, causing the well-known deflation in values and consequent scarcity of employment, and very largely reduced circulation of money.

After the phenomenal expansion in Life Insurance business beginning in 1918 and continuing through 1919 and 1920—the latter proving to be the greatest of all Life Insurance years on this Continent, when it was generally believed that a new era in the business had been entered upon, it began to be evident towards its close that the remarkable advance had reached its peak, and the experience during the first quarter of 1921 revealed that the slow but steady process of deflation was being felt in all business circles. Before the end of the first half-year business conditions had so materially changed that cancellations had become the order of the day, with a steady falling off in the monthly volumes of business written, and the crops not promising to be as good as in previous years, the companies all over the Continent began to place their houses in order and devote strenuous efforts to conserving the business already on their books, realizing that this was more essential even than writing new business.

So long as money continued to circulate freely the high averages established in 1919-'20 were maintained; and while the benefits of Life Insurance learned from the lessons of the Great War and the epidemic which immediately followed, tending to promote larger writings, were none the less influential, the changed labor conditions accompanied by scarcity of money, compelled large numbers of people who had taken out comparatively large policies when their circumstances were good, to cancel many of these because they could no longer carry them. Terminations became heavier as the year advanced, and naturally the demand for policy loans increased with all the companies, and instead of each month's business showing a considerable increase over the corresponding month of 1920, the reverse was the general experience.

Estimate for 1921

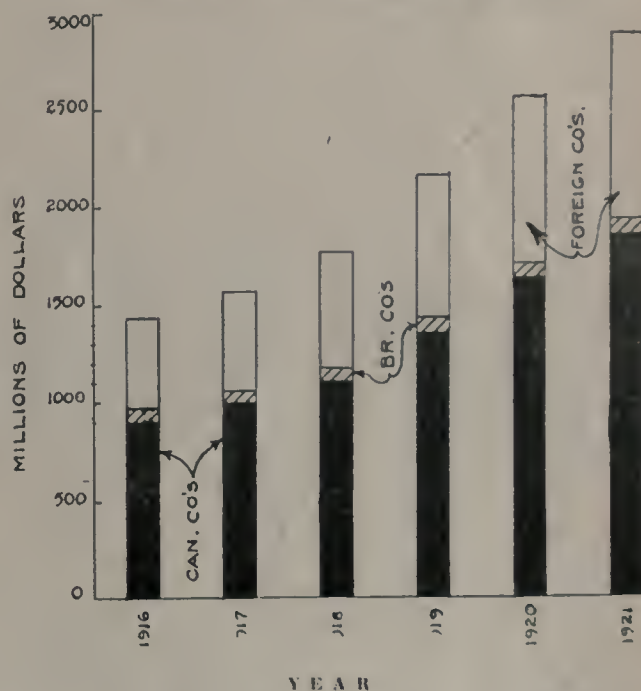
While at this writing (December 20), the final returns of none of the companies are yet available, as nearly as can be roughly estimated, the total amount of new business issued and paid for in Canada in round numbers

will approximate \$510,000,000, against \$641,778,095 for 1920—showing a reduction of a fraction over 20% or \$131,000,000—and compared with \$524,000,000 for 1919; and \$313,000,000 for 1918.

The reduction in the total of new business written during last year as compared with 1920 was therefore about equal to the total increase written in 1920, compared with 1919; but in 1919 the increase over the amount written in 1918 in Canada was about 100%. So that, assuming that the major portion of the old business was retained on their books, the Life companies will be better off financially than many of them were a year ago. At the close of 1920 the total amount of Insurance in force in Canada had been more than doubled during the previous six years, and reached the huge sum of \$2,500,000,000, most of which had been gained during 1919 and 1920.

The mortality experienced during 1920 was generally considered favorable, in most cases less than 50%, and in 1921 it was still more favorable as reported by nearly all the companies. It has been authoritatively stated that last year was one of the most healthy in all the countries in the world, especially in America, so that while the year's annual reports will show in almost all cases a falling-off in the volume of new business written, of from 15 to 25, and in some cases 30 per cent. compared with 1920, the ratio of expense was considerably lower than in the previous year—the proportion of the first year's business being smaller than the renewals, as compared with 1920, which augured well for the financial results and enabled those companies whose surpluses were seriously reduced during the later war years to at least partially restore them. It was also a good year for investments, there being a choice lot of long-term bonds yielding a good rate of interest available during the year.

Net Amount Life Insurance in Force



affording the companies more than usual opportunities for increased earnings and making money.

The collection of premiums, especially in the North West, was much smaller in amounts last year, and the total of outstanding interest accounts will show a considerable increase as compared with 1920. On the whole, notwithstanding that field men found their tasks in selling Insurance more difficult than in 1920, and the total volume of business showed a marked falling off, the year is regarded as quite satisfactory; practically all the companies have increased their financial strength, and enter upon the new year with optimistic views as to the future. While the closing months of 1921 proved an exception in the experience of the companies to the general rule—that business increases towards the end of the year—there never was a time in its history when Life Insurance was more appreciated, because better understood, by the general public.

When business conditions generally improve, and they are reported to be already much better, it is believed that Life Insurance will again be written in record volumes. Even now there are a few of the great world companies in Canada reporting a larger volume of business for 1921, with larger incomes and increases of the total amounts in force, than at any time in their history. For instance: The Sun Life reports having written \$100,000,000 for last year; the Canada Life reports having written over \$70,000,000, showing a total increase of some \$7,000,000, of which over \$2,000,000 represented the increase in Canadian business; the Manufacturers Life reported a volume of over \$50,000,000, and the Confederation Life, North American Life, and Mutual Life, similar amounts. But while Canada may well be proud of such giant companies, they are the exception to the general rule. The fact that these great corporations have made no considerable reductions in the amounts written last year may be attributed to their large writings in countries outside of Canada, especially in the United States, where the conditions in 1921 were admittedly better than in Canada.

The smaller, more numerous, Canadian Companies generally report a smaller volume of new business; a few

would be only about 15% below that of 1920. At the same time it was stated that 1921 showed an increase of about 2.6% on the amount written in 1919, which at the time was regarded as the most prosperous year for the Life Companies ever experienced. The amount written by American Companies for 1921 is estimated at \$8,535,000,000 as against \$10,105,000,000 for 1920. These estimates were based on returns furnished by 148 of the 272 Life Companies doing business in the United States. These same 148 Companies wrote 90% of the new business of 1920, and their returns for 1921 are based on the actual amount of new business paid for up to November 1st, plus an estimate for the last two months.

While it is conceded that the Canadian Companies also did a larger business in 1921 than in 1919, it will not be gainsaid that on the whole conditions in Canada were not as favorable as in the United States last year. The trouble arising from unemployment was proportionately greater here, and the tardiness of manufacturers and wholesalers, in the first place, and of jobbers and retailers in the second place, in readjusting prices of all kinds of products, was probably greater in Canada.

The Investment Situation

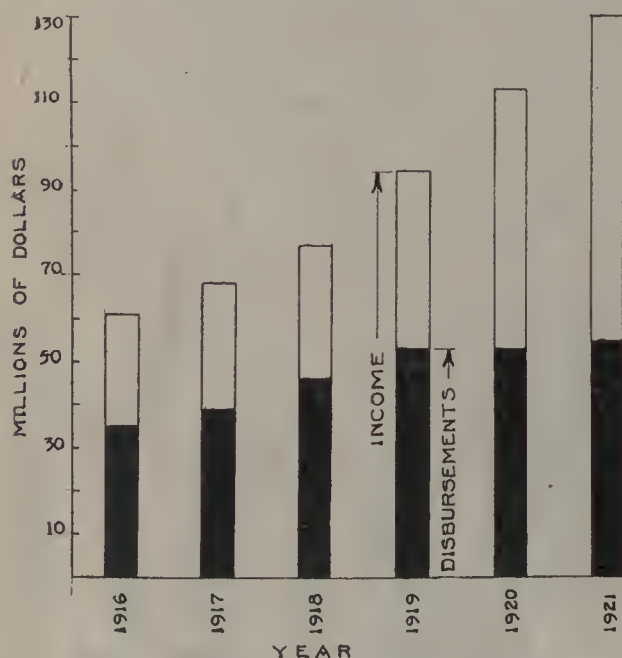
One result of the general depression in trade last year was the releasing of a large supply of money for investment, and a more active demand for high grade bonds; but the higher price of these naturally tended to a return to mortgage loans on the part of some investors. A year ago Victory Bonds were sold at 91, and today they are worth from 98, up to 103. At the close of 1914 real estate mortgages formed 33% of the assets of Canadian Life Companies and bonds and debentures absorbed 30%; at the end of 1919, mortgages had been reduced to 22% and bonds and debentures had increased to 54%. Notwithstanding that the total assets of the Insurance companies increased by 55% during the six years ending with 1920, the amount invested in mortgage loans actually decreased and \$153,000,000, or 87% of the increased assets, had been invested in bonds and debentures. At the end of 1920 the amount invested in this class of security was well-nigh \$120,000,000.

Applications for loans have come in quite freely during the last six months, and transactions have been on a larger scale. Declining commodity prices and smaller business tend to lessen the demand for capital, and also the rate of interest for the same, hence good securities, which assure to the holder a certain fixed return every year, must appreciate in value. With the progress of time and a steady decline in prices the annual interest payments have a constantly increasing purchasing power in terms of goods. Industry and thrift are undoubtedly pre-requisite to the attainment of normal conditions, and to the re-establishment of gold as an effective common denominator between currencies. The United States has probably been the largest gold producing country in the world, but the gold output in the United States and Canada, too, has declined in late years, to almost 50% of the production in pre-war days—owing to high wages, decreased efficiency of labor, and large increase in cost of supplies. During the last twelve months these costs have been considerably reduced, hence the greater activity in the gold mines and a steady increase in the world's production of gold.

Insurance Policy Loans

All the companies report a much heavier demand for policy loans in 1921 than for any single year during the last decade—due of course, to the depression and consequent scarcity of money. When in need of cash it is natural for policyholders to avail themselves of their loan privilege, which is exceedingly valuable if properly used, and dangerous when abused. It is preferred to other sources for borrowing, because the policy itself is the only collateral needed; the money can be obtained quickly, without publicity; no time limit for re-payment is stipulated; and the rate of interest charged is generally lower than the current rate,

Income and Disbursements of Life Companies



report having issued about the same amount as for 1920, with smaller incomes and heavier lapses. The Crown Life is able to report a larger volume of business than for 1920, with a large increase of investment earnings, and death claims much smaller than for the previous year. In a year like 1921, such a favorable report from a Company admittedly not one of the largest, reflects credit upon its administrative ability. It presupposes an enlightened, loyal and well-trained field organization, a careful selection of risks, successful handling of its investments, and wise husbanding of its resources. The great difference shown in the amounts of new business reported by the larger companies, operating in foreign countries, may be largely accounted for: first, by the experiment of some in writing Group Insurance without medical examination; and, second, by the large policies they are able to write of Business Insurance and for covering policyholders' liabilities for Succession Duties.

A Decrease on the Whole

At the fifteenth annual convention of the Association of Life Insurance Presidents, held in New York last month, it was estimated by leading speakers that the summing up of business for last year showed that the total volume of Insurance written in the United States

especially on old policies. Another reason for turning to the Insurance Companies is, that to assist the process of deflation banks reduce their lines of credit at this time and increase the rate of interest charged. Others wishing to take advantage of the attractive prices at which Dominion, Provincial and Municipal securities are offering, borrow on their policies with the intention of repaying the loans due out of the profits or future savings.

It should be remembered, however, that Life Insurance policy funds are reserves, intended for the protection of the holders' families, in case they themselves are called to their reward. Hence too many of such borrowers have been guilty of mortgaging the future protection and comfort of their loved ones, often for mere luxuries, without ever being able to repay the loans. District Managers and their agents perform a real service to their policy-holders and themselves by advertising against such loans, and keeping them down to the minimum. The large companies have a system for securing the repayment of such loans, in instalments or otherwise, to suit the borrowers, and report that the favorable results of their influence is most surprising. "You cannot eat your cake and have it," neither can you deplete your estate, by borrowing and still have protection for your family or self in the days when you still want it.

The Decrease In Mortality.

According to up-to-date mortality records, 1921 was the most healthy in the history of both the United States and Canada. Vice-President Robert Lynn Cox, of the Metropolitan Life, at the recent meeting of Life Presidents in New York, gave facts and figures in support of this statement, which he said indicated a lowering of the Life Insurance death rate on this Continent from 9.58 per thousand in 1920 to 8.24 per thousand in 1921. These figures also show that influenza has almost disappeared from the United States and Canada, while there has been a decrease in pneumonia and other dreaded diseases amounting to about 50% compared with 1920. Mortality due to automobile accidents, however, is showing an increase of 15% and upwards in 1921. Homicides and suicides also show large increases. These are direct results of the war re-action, phases of economic disturbance, and as times improve will largely cure themselves. The trend of mortality in Canada during the last decade, and especially during the last five years, has shown a steady decrease, with the exception of the years 1917 and 1918, when the "flu" epidemic was raging.

Group Insurance

During the last couple of years a few of the larger Canadian Companies have embarked upon the rather experimental branch of this business known as Group Insurance for amounts not in excess of \$1,000 each without the expense of medical examination. Although not a new idea, it is yet in its infancy, especially in Canada, and therefore practically an experiment. It is too early as yet to form any conclusive opinion or convey any satisfactory information as to the ultimate success of the companies in Canada who have been writing this class of business. The smaller companies who might think of adopting it would be ill-advised, we think, and experience alone should be their guide. In Great Britain, several companies doing ordinary business have been issuing policies up to £250, without medical examination, with good results; one of these has been issuing policies not exceeding £1,000, with the proviso that if death occurs during the first three months only one-third of the sum assured will be paid, and if it occurs within the next three months only two-thirds will be paid, and thereafter the full amount of the policy. This scheme was also reported as showing satisfactory results. In the United States some of the larger Companies report satisfactory experience in this branch of underwriting. While it might be the means of greatly extending business, especially in the sparsely settled parts of the Dominion, it is almost certain that some plans of Insurance would not be granted under this scheme, and that certain classes of prospects would have to undergo

examination. Group Insurance in Canada is on its trial, and it remains to be seen whether the benefits of Life Insurance may be safely and widely extended by this means or not.

Higher Plane Of Field Men.

As the mission of Life Insurance comes to be better understood and appreciated by the general public, a higher class of specially trained salesmen is being placed in the field. The head Office executives and Agency Managers more than ever recognised the necessity of employing only productive agents, who will endeavour to serve both the policyholders and their companies; between the amended legislation and improvements by Government Insurance Departments, and the instruction and training of special officers for the purpose, the business of selling Life Insurance has in late years been raised to a much higher plane. The "part-time man," the "spotter," and other out-siders having no regular company affiliation are rapidly becoming effaced. The most progressive companies have proven that carefully educated and trained agency organizations can do more effective work in the field than a larger organization of unqualified, untrained men, with more beneficial results to the companies, the salesmen, and the policyholders. It is conceded that incompetents and mis-fits work untold harm to the cause of Life Insurance, and it is believed that the time is not far distant when most companies will refuse to engage agents who have not taken a prescribed course of study and training for the profession. With the advent of Associations of Life Presidents, Agency Officers, and the underwriters themselves, there is now a general demand for only whole time professional salesmen; and the days when, in competition for business, some companies descended to issuing blackmailing literature and misleading statements to damage their competitors, have long since passed. Canadian companies are now engaging agency instructors, to whom is entrusted the training of prospective salesmen; others encourage their younger representatives to attend the school of Life where they are taught both the theory and principles of Life Insurance. They also receive lectures on psychology and are given practical experience in its direct application. As these highly organized men go forth to their daily work they bring to bear more enlightened, favorable public opinion regarding Life Insurance, which is expressed in various directions. As is generally known, the bankers for instance recommend it to their clients, to whom credit is much more readily given if they are carrying an adequate amount of Life Insurance. It has the effect, not only of guaranteeing the increased security, but of inspiring confidence in the borrower's future success. A man who is provident enough to protect his dependents is much more likely to meet his obligations to his banker and other creditors.

The Outlook For 1922.

This picture has two sides, each of which is attractive enough to engage abler pens for at least half a page, but in our limited space we may but touch briefly upon each in a somewhat suggestive manner. First from the standpoint of the Companies, who we have stated above, have entered upon the new year with an optimistic view of the future. How could it be otherwise? Are the people generally not daily thinking more about and providing more intelligently than ever for their future well-being? This is one of the great lessons learned from the world's greatest war. It is estimated that over a thousand persons in Canada daily invest in Life Insurance as the best means known to the world of caring for the future of their dependants. Over six hundred and forty million dollars of life insurance was issued in Canada during 1920 to protect and provide for in their homes the families of deceased husbands and fathers, who in no other way could have cared for them afterwards as they had been able to care for them in their own life times. Thus the home, the mightiest institution on earth, which stabilizes the nation, is conserved to an extent limited only by the constantly increasing population of the country,—all by the uni-

versal impulse of love, duty and hope. We are told that the growth of Life Insurance follows the trend of trade and commodity prices, but the Life Insurance Salesman sells a commodity—if such it may be called—unlike any other; he sells faith in a sure hope, and gets hard money in return. And notwithstanding its ever-increasing adaptability to the varied needs of business people, even to the payment of the dreaded "Succession duties," the old, appeal of unquestioned protection for the family and home, which has stood the test of many long years, and won the confidence of Governments and all institutions of learning and influence, in 1920 sold more Life Insurance than ever in the world's history.

Having thus steadily grown in permanence and stability, and become as much a part of modern life as the telegraph or telephone, the controlling motive of the Life Companies must ever be to promote the great incentive of thrift among the people, for the best interests of the country. What then, may be expected in the immediate future? Why, basing the statement upon clearly established facts, the recent annual convention of the Association of Life Insurance Presidents declared that prosperity has already revived and requires only continuance of

courage and service for complete restoration. Different other authorities affirm that general conditions of business are on the upward trend, and the increased confidence of the Canadian Life Officers' Association is seen in their attitude toward "Institutional Advertising" as an aid to the wider diffusion of Life Insurance, by voting at their last meeting,—more than double the amount subscribed for this purpose last year, for the advancement of the work this year. This wide spread advertising campaign, if well managed, cannot fail in its good purposes: the results should be seen in a measurable increase in the production; in the elevation of Solicitors in public esteem to an extent that will attract to the profession still more high-class, thoroughly-educated men who would not otherwise be induced to engage in it; in the steady reduction of lapses or terminations, and so increase and conserve the amounts of Insurance in force; in the decrease per unit in overhead expenses; in the influence of public opinion upon legislatures to at least retard a further increase in the already heavy taxation of life insurance premiums, and thus keep down if not reduce the cost of insurance. These suggested results, if calculated in actual figures, would show total increases in business and savings in the aggregate that would foot up hundreds of millions.

Insurance Licenses Issued in Canada Last Year

Fifty-Two Companies Authorized to Transact New Business Here—Majority of Licenses Issued Were Just Extensions of Previous Scope—Fire a Prominent Line—No Life Insurance Licenses

FROM the beginning of December, 1920, to the end of November, 1921, fifty-two licenses were issued by the Department of Insurance, Ottawa, for the writing of insurance in Canada. While this is a large number, it does not quite match up to the record of the previous year, when fifty-two licenses were issued in nine months. A goodly number of licenses were also issued by the Provincial Governments last year, although here again, they did not equal or exceed the previous figure. The Provincial registrations, of course, are merely further registrations of the companies licensed to do business in the Dominion. A company wishing to do business in this country must first of all get its license from Ottawa, and then get a Provincial registration as it wishes to do business in the various parts of the country.

Looking chiefly at the record of Dominion licensees, for that is the best reflection of whatever developments have taken place, shows that in the majority of cases the licenses given were just extensions of previous authority. Of the fifty-two companies which obtained licenses, thirteen were absolutely new, as far as writing business here was concerned. These companies are indicated in the list by the name of their agent. In the cases where the licenses were just extensions of authority, the agents' names are not given.

Another fact worthy of notice is that most of the new companies which started business here are British, and well-established organizations at that. There were two or three American concerns and one French company. These facts, together with the large number of companies which enlarged their scope, indicate with what favor Canada is still regarded as an underwriting field. Last year's record is all the more significant in view of the state of general business and financial conditions which existed.

Considering the list from the standpoint of classes of business, shows that fire stands out prominently. With the exception of three, the new companies were all licensed for the express purpose of transacting fire business in the Dominion. The two other prominent lines, according to the list, were automobile and hail. Two other classes of business also came into prominence, namely, insurance

against loss or damage by robbery, and gas explosion insurance. It is a notable fact that in the last two cases as soon as one company would secure a license for transacting that kind of business, many others would shortly follow.

No licenses were issued for life business, with the exception of two fraternal companies. The following is the list of the companies which secured licenses, together with the details of the business which they were authorized to transact:

CANADA

December, 1920—

Reliance Insurance Company of Canada—Fire—J. W. Tatley, Montreal.
Yangtze Insurance Association Ltd.—Fire.
National Union Fire Insurance Co., of Pittsburg—Automobile.
Halifax Fire Insurance Company—Fire.
Merchants Marine Insurance Co., of London, Eng.—Fire and Automobile—C.W.I. Woodland, Montreal.
United States Fidelity and Guaranty Company—Forgery.

January, 1921—

Scottish Canadian Assurance Company—Fire and Hail—T. H. Hall, Toronto.

February, 1921—

Caxton Insurance Co., of London, England—Fire—A. H. C. Carson, Toronto.
Merchants Casualty Co., of Winnipeg—Automobile—R. C. Sanborn, Montreal.
Insurance Co. of North America—Hail and Sprinkler Leakage.
Aetna Insurance Company—Hail.

March, 1921—

Western Assurance Company—Hail.
Mount Royal Assurance Company—Automobile.
Niagara Fire Insurance Company—Hail.
Occidental Fire Insurance Company—Hail.

April, 1921—

National Union Fire Insurance Company of Pittsburg—Hail.
Sterling Fire Insurance Company of Indiana—Hail and Automobile.

Supreme Lodge Knights of Pythias—Fraternal Life.
 Western Mutual Life Association—Fraternal Life.
 Springfield Fire and Marine Insurance Company—Hall.
 Canadian Surety Company—Insurance against loss or damage by Robbery.
 Fidelity and Casualty Co. of New York—Insurance against loss or damage by Robbery.
 Travelers Indemnity Company—Insurance against loss or damage by Robbery.
 Dominion of Canada Guarantee & Accident Co.—Insurance against loss or damage by Robbery.
 Maryland Casualty Company—Insurance against loss or damage by Robbery.
 Employers' Liability Assurance Corp. Ltd.—Insurance against loss or damage by Robbery.

May, 1921—

Pacific Fire Insurance Company—Fire—Shaw & Begg, Toronto, chief agents.
 Law Union and Rock Insurance Co. Ltd.—Automobile.
 Aetna Casualty and Surety Co.—Guarantee Insurance—E. J. Christmas, Montreal, chief agent.
 Agricultural Insurance Co.—Fire—P. S. Grant, Toronto, chief agent.

June, 1921—

Home Insurance Company—Insurance against loss of or damage of growing crops.
 Hartford Insurance Company—Insurance against loss by rain or flood.
 Alliance Assurance Company, Ltd.—Insurance against loss or damage by Robbery.

August, 1921—

Urbaine Fire Insurance Co., of Paris—Fire—Strathcona Fire, Montreal.
 Liverpool-Manitoba Assurance Co.—Automobile.
 Austral. Ins. Co., Ltd.—Accident and Sickness—J.P. Moore, Montreal.
 Patriotic Assurance Co., Ltd.—Fire—Sun Insurance Office, Toronto.
 Autocar Fire and Accident Ins. Co., Ltd., of London—Fire—Jas. D. Cherry, Montreal.
 British Oak Insurance Co., Ltd.—Fire—Rainee & Keaton, Halifax.

September, 1921—

Canadian Fire Ins. Co.—Guaranty, Burglary, Explosion, Hall, Livestock and Tornado.
 Maryland Casualty Co.—Forgery.
 Sun Insurance Office—Accident, Automobile, Guarantee and Sickness.
 Home Insurance Co.—Rain, Tempest, Flood and Hall, Windstorm, Cyclone or Tornado.
 Ocean Marine Ins. Co.—Inland Transportation.
 Imperial Underwriters' Corp. of Canada—Accident, Automobile, Guarantee and Sickness.

November, 1921—

Union Insurance Society of Canton, Ltd.—Sickness.
 Alliance Assurance Co., Ltd.—Gas Explosion.
 Agricultural Insurance Co.—Gas Explosion.
 Merchants Fire Assurance Corp. of N. Y.—Gas Explosion.
 Motor Union Insurance Co., Ltd.—Gas Explosion.
 St. Paul Fire & Marine Insurance Company—Gas Explosion.
 L'Union Compagnie d' Assurance—Gas Explosion.

MANITOBA**December, 1920—**

Northwestern Mutual Fire Association of Seattle, Wash.—Fire.
 Retail Merchants Underwriters' Agency—Fire and Automobile.

January, 1921—

Merchants' Marine Insurance Co. Ltd., of London, Eng.—Fire and Automobile—John Calverly, Western Fire Manager.

February, 1921—

Scottish Canadian Assurance Company—Fire and Hall.
March, 1921—
 Motor Union Insurance Company, Ltd.—Fire, Accident and Automobile.

La Sauvegarde Life Insurance Company—Life.
 United Assurance Co. of Calgary—Fire and Hall.

April, 1921—

Preferred Accident Insurance Company, of New York—Accident, Sickness and Automobile—G.K. Wataon, chief agent.
 Commercial Mutual Fire Insurance Co.—Mutual Fire.
 Lumbermen's Mutual Casualty Co.—Automobile—J. M. Moorhouse, Winnipeg, chief agent.

October, 1921—

Montreal Plate Glass Ins. Co., Montreal, Que.—Plate Glass.

BRITISH COLUMBIA**December, 1920—**

New Jersey Insurance Company—Marine.
 Union Fire and Casualty Company—Health and Accident—Gordon Bell, 1332 Standard Bank Building, Vancouver.
 National Fire Insurance Company of Hartford—Tornado, Explosion, Inland Transportation, Marine and Automobile—H. T. Barnes, Victoria.

March, 1921—

Merchants Casualty Company—Automobile—J. B. Love, Vancouver.
 London Assurance Company—Inland Marine and Inland Transportation.

April, 1921—

Reliance Insurance Company of Canada—Fire.
 Union Assurance Society, Ltd.—Automobile—C. R. Bishop, Montreal, chief agent.

May, 1921—

Merchants Marine Insurance Co. Ltd.—Fire and Automobile—J. A. Young, Vancouver.
 American Equitable Assurance Co. of N. Y.—Fire—C. G. Hobson, Vancouver.
 Law Union and Rock Insurance Co. Ltd.—Automobile, Burglary and Plate Glass.

June, 1921—

London and Lancashire Co. Ltd.—Marine, Automobile and Explosion.

September, 1921—

General Animals Ins. Co. of Canada—Plate Glass.

October, 1921—

Autocar Fire & Accident Ins. Co. Ltd.—Fire.

November, 1921—

National Provincial Plate Glass and General Insurance Co., Ltd.—Fire.
 Maryland Casualty Co.—Forgery, Fly Wheel, Sprinkler Leakage and Robbery.

QUEBEC**December, 1920—**

Northwestern Mutual Insurance Association—Fire and Automobile—M. Lapointe, Montreal.

February, 1921—

Merchants Casualty Co.—Automobile.
 Merchants Marine Insurance Co. Ltd.—Fire and Automobile—John Jenkyns, 17 St. John St., Montreal.

April, 1921—

British Traders Insurance Co. Ltd.—Inland Marine and Ocean Marine—J. Rowat, 17 St. John St., Montreal, chief agent.
 Casualty Co. of Canada—Automobile and Plate Glass—T. Duffy, 11 St. Sacrament St., Montreal, chief agent.

National Provincial Plate Glass and General Insurance Company—Fire and Plate Glass—A. Barry, Royal Exchange Bldg., Montreal, chief agent.

May, 1921—

Canada National Fire Insurance Co.—Fire—H.M. Brown, 9 St. John St., Montreal, chief agent.

June, 1921—

Ocean Marine Insurance Company—Inland and Ocean Marine—H. Hampson, 1 St. John St., Montreal.

July, 1921—

Hardware Dealers' Mutual Fire Insurance Company of Wisconsin—Fire.

Retail Hardware Mutual Fire Insurance Company—Fire—
A. Brunelle, 97 St. James St., Montreal.

August, 1921—

National Liberty Ins. Co. of America—Fire—H.A. Stewart,
Montreal.

September, 1921—

Autocar Fire & Accident Ins. Co. Ltd.—Fire.

October, 1921—

American Assurance Company—Fire Insurance.

ALBERTA

March, 1921—

La Sauvegarde Life Insurance Company—Life.
Merchants' Casualty Co., Winnipeg—Automobile.

June, 1921—

Glasgow Underwriters—Fire.
Occidental Fire Insurance Co.—Hail.

September, 1921—

Hartford Fire Ins. Co.—Weather.
Alliance Assurance Co. of London, Eng.—Robbery.

SASKATCHEWAN

June, 1921—

Grain Insurance Co. of Winnipeg—Fire and Guarantee.
National Benefit Assurance Co. Ltd., of London, Eng.—
Fire, Accident and Sickness.

Saskatchewan Urban Mutual Fire Insurance Co.—Fire.
Commercial Life Assurance Co. Ltd., Edmonton—Life.

September, 1921—

Ontario Equitable Life and Accident Ins. Co.—Life.

October, 1921—

National Liberty Insurance Co., of America—Fire.

ONTARIO

January, 1921—

Merchants' Marine Insurance Company, Limited.
Scottish Canadian Assurance Corporation.

March, 1921—

Reliance Insurance Company of Canada.

May, 1921—

Agricultural Insurance Company.
Caxton Insurance Company, Limited.
Pacific Fire Insurance Company.

June, 1921—

Tokio Marine and Fire Insurance Company, Limited.

July, 1921—

Toronto Casualty and Marine Insurance Company.

August, 1921—

Urbaine Fire Insurance Company.
Western Mutual Life Association.

October, 1921—

Austral. Insurance Company, Limited.
Autocar Fire and Accident Insurance Company.
British Oak Insurance Company.
Patriotic Assurance Company, Limited.

NOVA SCOTIA

January, 1921—

The Ontario Equitable Life & Accident Insurance Company.
Merchants' Marine Insurance Company, Limited.

March, 1921—

The Tokio Marine & Fire Insurance Company, Limited.
New Jersey Insurance Company.
Peninsular Fire Insurance Company of America.

July, 1921—

Alliance Insurance Company of Philadelphia.

October, 1921—

The British Oak Insurance Company, Limited.

November, 1921—

Patriotic Assurance Company, Limited.

BRITISH TRADE COMMISSIONERS.

Early in November G. T. Milne succeeded Evan J. Edwards as senior British Trade Commissioner in Canada. Mr. Milne had occupied this position previously. Mr. Edwards resigned because he thought the allowances for maintaining the office insufficient.

FORGERY INSURANCE MORE IN DEMAND

Another Instance of How Crime Wave Has Brought Expansion of Business for Insurance Companies

By RANDOLPH S. MORTLEY

WHILE this form of insurance protection is quite new in this country—if not indeed somewhat new in America—there are not wanting plenty of evidence, in financial and commercial circles, that it has been found by the leading banks and business houses to be very necessary. Notwithstanding the assiduity and cleverness displayed by innumerable executive officers of all kinds of firms, corporations and financial institutions, to acquire personal signatures that cannot be read or even guessed, much less faultlessly imitated by forgers and cheque-raisers, as well as cheque-makers, they have to acknowledge that these skilful professionals in "high finance," who have made the closest study of cheques manipulation, and have every detail down to science, can and do outclass them in this greatest (shall we say?) of modern arts. And, as this class of crime is steadily increasing every year, and the authorities so often experience the greatest difficulty in proving the identity of such criminals, many charges having to be dropped on this account, up-to-date, prudent business men everywhere are becoming convinced that the Forgery Bond is the only logical and the surest method by which bankers and their customers may be adequately protected from heavy losses every now and then. Convicts tell prison officials that once they get the signature or alteration executed properly, "it is the easiest thing in the world" to get the money.

The National Surety Co., of New York, U.S., is the only company operating to any extent in this class of insurance in Canada so far as can be learned. After the war, in 1918, this company introduced their Forgery Bond in the United States, but did not attempt to actively solicit these bonds in Canada until about May 1st, 1921. Judging from the reception they have received here, evidenced by letters received from bond-holders acknowledging prompt, full payment of claims, and from solicitors, bankers and others, heartily endorsing this form of protection, the field is productive, and promises to be profitable. Definite figures were not yet available, as the Toronto branch office had not received them from Head Office when our representative called, but the records of the local agency show that they have paid considerably over \$2,000 in losses during less than eight months that they have been in business here. These forgery bonds are issued for one and three years, for amounts of from \$5,000 to \$200,000, the premium rates varying from \$25 for a \$5,000 bond for one year, with increases of \$25 for each additional \$5,000 up to a \$25,000 bond; for \$50,000 the premium is \$250, and is doubled for each additional \$50,000 up to \$200,000. For three-year bonds the premiums, with discounts deducted, are proportionately smaller for the same amounts of insurance as with one-year bonds. A further discount of 15% is allowed on total premiums for the three-year term, when paid in advance. A blanket bond covering branches, subsidiary companies and officers, as extension coverage, may be secured at an additional rate of \$1 per thousand.

CLOSE OF ST. LAWRENCE NAVIGATION

With the sailing of the tank steamer Crewe for New York on December 8, the port of Montreal was clear of ocean-going vessels excepting those which are to lie up for the winter. The River St. Lawrence was reported to be running free of ice at all point. Final departure of vessels takes place this year two days later than in 1920. Several small river and lake boats were still moving, and two of these were scheduled to discharge cargoes at once, and then proceed to the Canadian Vickers Co.'s yards for overhauling.

Fire Loss Second Highest on Record

Monetary Times' Estimate for 1921 Exceeded Only
By Figure for 1918, Which Was Abnormal Year—Large
Number of Heavy Losses—Fewer Deaths From Fire

FIRE losses in Canada during the past year are estimated by The Monetary Times at \$29,987,510, against \$27,371,574 in 1920. This is the highest loss on record with the exception of 1918, when the total of \$31,815,844 was reached. It is a per capita loss of \$3.33. There were an exceptionally large number of large fires during the year, though none of them amounted to a conflagration.

The results may be summarized as follows:

	1918	1919	1920	1921
Average monthly loss	\$2,651,320	\$1,933,970	\$2,280,964	\$2,498,959
Loss per capita..	\$4.11	\$2.90	\$3.42	\$3.33
Fires with damage of \$10,000 or over	256	288	301	377

The Monetary Times' record for the past four years shows the following monthly losses:

Month	1918	1919	1920	1921
January	\$ 2,688,556	\$ 3,915,290	\$ 2,637,850	\$ 2,237,900
February ...	2,243,762	1,091,834	1,895,575	2,735,500
March	1,682,286	2,154,095	1,793,200	2,112,200
April	3,240,187	1,080,070	3,229,500	2,510,700
May	3,570,014	1,785,130	2,001,819	3,811,350
June	3,080,982	3,337,530	1,424,319	2,303,400
July	3,369,684	1,118,377	1,426,850	2,880,250
August	3,110,445	1,374,495	1,857,800	3,014,860
September ..	917,286	1,940,272	2,480,485	2,410,300
October	5,119,145	1,023,288	2,467,901	2,199,700
November ...	1,059,580	2,339,870	2,769,800	1,818,750
December ...	1,733,917	2,047,496	3,386,475	1,952,600

Totals ..\$31,815,844 \$23,207,647 \$27,371,574 \$29,987,510

The following table gives a list of fires of \$10,000 and over, month by month, compared with five previous years:

Month	1916	1917	1918	1919	1920	1921
January	28	28	43	25	31	31
February	30	31	21	18	33	38
March	30	26	16	28	23	20
April	13	13	24	26	32	24
May	23	11	27	20	19	33
June	9	17	19	31	8	39
July	13	16	24	22	16	32
August	14	14	23	16	21	33
September	12	10	14	17	30	30
October	14	15	12	19	27	34
November	14	26	14	25	29	35
December	18	31	19	41	32	28
Total	218	238	256	288	301	377

LIST OF LARGE FIRES

Fires causing damage of \$100,000 and over were as follows:

Jan. 14—\$200,000, Business block, Sydney, N.S.
Jan. 19—\$150,000, Store, Halifax, N.S.
Jan. 28—\$200,000, Forum Building, Toronto, Ont.
Jan. 28—\$100,000, Stovel Building, Winnipeg, Man.
Feb. 3—\$100,000, Billiard parlors, Halifax, N.S.
Feb. 3—\$300,000, Business block, Winnipeg, Man.
Feb. 6—\$150,000, Building, Toronto, Ont.
Feb. 18—\$100,000, Building, Montreal, Que.
Feb. 19—\$200,000, Block, Saskatoon, Sask.
Feb. 21—\$300,000, Car sheds, Levis, Que.
Mar. 18—\$100,000, Store, Grande Prairie, Alta.
Mar. 20—\$750,000, Plant, Britannia Beach, B.C.
Mar. 26—\$100,000, Bake shops, Ottawa, Ont.
Apr. 10—\$100,000, Building, Quebec, Que.
Apr. 19—\$800,000, Church, Montreal, Que.

Apr. 20—\$200,000, Roundhouse, St. Stephens, N.B.
Apr. 29—\$250,000, Building, Regina, Sask.
May 3—\$100,000, Plant, Goderich, Ont.
May 5—\$100,000, Business section, St. Boniface, Que.
May 8—\$300,000, Business section, Maxville, Ont.
May 10—\$100,000, Lumber yard, Laforest, Ont.
May 14—\$500,000, Woollen mills, Kingsville, Ont.
May 15—\$100,000, Hotel, Quebec, Que.
May 18—\$100,000, Garage and hotel, Benito, Man.
May 18—\$500,000, Old Fort Grounds, Toronto, Ont.
May 20—\$175,000, Business section, Sayaback, Que.
May 21—\$200,000, Business section, Bic, Que.
May 22—\$130,000, Factory, Ottawa, Ont.
May 26—\$150,000, Sawmill, St. Joseph de Beauce, Que.
May 29—\$100,000, Building, Montreal, Que.
June 3—\$100,000, Elevator, Port Hope, Ont.
June 6—\$100,000, Sub-station, Niagara Falls, Ont.
June 9—\$100,000, Shed, Quebec, Que.
June 9—\$150,000, Ten residences, Quebec, Que.
June 11—\$100,000, Building, Joliette, Que.
June 17—\$100,000, Store, Sombra, Ont.
June 26—\$200,000, Business section, Spirit River, Alta.
July 6—\$400,000, Buildings, Guelph, Ont.
July 11—\$100,000, Building, Toronto, Ont.
July 11—\$100,000, Business section, Williams Lake, B.C.
July 18—\$100,000, Ice-house, Hamilton, Ont.
July 18—\$150,000, Sixteen buildings, Sydney Mines, N.S.
July 28—\$300,000, Lumberyard, Nelson, B.C.
July 31—\$150,000, Plants, Kelowna, B.C.
July 31—\$120,000, Garage, Montreal, Que.
Aug. 2—\$150,000, Buildings, Richibucto, N.B.
Aug. 4—\$175,000, Warehouse, Gainsborough, Sask.
Aug. 6—\$100,000, Property of Dom. Chemical, Sydney, N.S.
Aug. 6—\$200,000, Mill, Vancouver, B.C.
Aug. 8—\$130,000, Factory, Frankford, Ont.
Aug. 10—\$750,000, Buildings, Aylmer, Que.
Aug. 28—\$100,000, Cafe, Edmonton, Alta.
Sept. 3—\$100,000, Buildings, St. Camille, Que.
Sept. 21—\$500,000, Boathouses, Parry Sound, Ont.
Sept. 21—\$100,000, Sawmill, St. Cecile, Que.
Sept. 25—\$250,000, Business section, Hatton, Sask.
Oct. 3—\$125,000, Plant, Vancouver, B.C.
Oct. 9—\$100,000, Residences, St. Severin, Que.
Oct. 14—\$100,000, Warehouse, Yorkton, Sask.
Oct. 20—\$125,000, Theatre, Ottawa, Ont.
Oct. 23—\$250,000, Wardrobe, Montreal, Que.
Oct. 30—\$150,000, Lumber, Clarksville, N.S.
Nov. 14—\$100,000, Building, Ottawa, Ont.
Nov. 19—\$125,000, Store, Calgary, Alta.
Dec. 2—\$100,000, Six residences, Montreal, Que.
Dec. 18—\$200,000, Church, Buctouche, N.B.
Dec. 19—\$200,000, Factory, London, Ont.

FATALITIES

Deaths due to fires in 1921 were as follows:

Month	1914	1915	1916	1917	1918	1919	1920	1921
January	26	3	10	21	28	13	22	17
February	18	11	23	19	87	26	30	18
March	27	23	23	20	34	9	35	11
April	22	14	6	15	7	27	8	7
May	8	5	14	12	10	15	13	13
June	12	2	6	9	9	28	15	10
July	8	13	268	19	6	11	15	10
August	3	14	30	12	7	24	14	11
September	9	27	6	21	13	23	13	4
October	9	7	39	23	11	16	13	20
November	14	12	12	21	3	14	31	23
December	19	11	94	15	26	19	15	11
Totals	175	142	531	207	241	225	224	155

LIFE BUSINESS WRITTEN BY REPRESENTATIVE CO'S

Company A—

	1920	1921
January	\$7,770,287	\$8,837,135
February	3,815,945	4,928,029
March	5,556,154	4,958,659
April	5,267,212	7,035,320
May	4,250,828	4,662,390
June	5,119,877	6,661,548
July	5,143,179	4,896,811
August	4,468,625	4,277,534
September	4,658,567	5,064,905
October	4,169,063	4,464,657
November	5,171,145	5,238,472
December . . . . .	.....	.....
Total	\$55,400,892	\$61,025,460

Company B—

	1920	1921
January	\$6,170,325	\$4,978,418
February	4,120,542	3,736,025
March	5,042,779	3,612,622
April	4,507,664	4,205,718
May	4,374,803	4,240,692
June	5,277,454	4,735,314
July	4,441,218	4,090,223
August	4,181,903	3,269,315
September	3,289,972	3,382,399
October	3,600,494	2,919,329
November	3,902,791	2,947,115
December . . . . .	.....	.....
Total	\$48,909,945	\$42,117,170

Company C—

	1920	1921
January	\$ 103,000	\$ 372,000
February	46,500	415,500
March	75,000	543,000
April	100,000	468,700
May	97,200	362,000
June	165,000	581,100
July	157,555	657,000
August	68,200	514,400
September . . . . .	.....	535,450
October . . . . .	.....	.....
November . . . . .	.....	.....
December . . . . .	.....	.....
Total	\$ 812,455	\$4,449,150

Company D—

	1920	1921
January	\$2,247,177	\$2,369,558
February	2,319,641	2,250,268
March	3,427,347	3,088,436
April	2,895,066	2,321,896
May	2,711,972	2,744,745
June	2,972,022	3,147,915
July	2,340,472	2,397,595
August	2,422,717	2,512,974
September	2,449,781	2,297,575
October	2,479,328	2,913,777
November	2,980,185	2,446,845
December . . . . .	.....	.....
Total	\$29,245,708	\$28,491,584

Company E—

	1920	1921
January	\$ 973,150	\$ 770,500
February	745,000	993,526
March	850,680	986,100
April	1,013,076	935,860
May	710,500	957,090
June	845,100	1,014,500

July	978,232	770,750
August	958,500	992,851
September	903,867	783,825
October	985,632	957,500
November	1,007,054	768,126
December . . . . .	.....	.....
Total	\$9,970,791	\$9,930,628

Company F—

	1920	1921
January	\$ 648,350	\$ 482,495
February	514,825	623,990
March	758,705	498,723
April	792,805	825,978
May	611,876	797,207
June	656,287	817,278
July	714,320	722,640
August	706,910	756,320
September	597,135	714,000
October	670,485	663,820
November	344,715	584,163
December . . . . .	.....	.....
Total	\$7,016,413	\$7,486,814

Company G—

	1920	1921
January	\$5,990,275	\$5,291,926
February	3,733,975	5,062,198
March	4,982,486	4,958,146
April	5,009,323	5,090,717
May	4,962,975	5,049,678
June	6,205,648	5,864,841
July	5,716,748	4,656,257
August	4,474,287	4,803,982
September	4,578,822	3,295,722
October	5,453,064	4,049,545
November	5,815,968	4,595,643
December . . . . .	.....	.....
Total	\$56,913,571	\$52,718,655

Company H—

	1920	1921
January	\$1,779,629	\$1,580,821
February	2,023,925	1,637,256
March	2,343,162	1,679,218
April	2,004,525	1,784,350
May	2,278,015	1,782,958
June	2,648,757	2,704,265
July	2,367,301	1,464,051
August	1,793,557	1,641,985
September	1,886,000	1,671,543
October	2,162,454	1,752,018
November	1,904,943	1,352,804
December . . . . .	.....	.....
Total	\$23,192,268	\$19,051,269

Company I—

	1920	1921
January	\$4,149,000	\$4,869,000
February	4,635,000	4,409,000
March	6,093,000	5,499,000
April	4,672,000	4,387,000
May	4,751,000	4,474,000
June	4,888,000	4,882,000
July	3,875,000	3,132,000
August	3,767,000	3,797,000
September	4,250,000	3,048,000
October	4,384,929	3,525,805
November	4,963,000	3,495,000
December . . . . .	.....	.....
Total	\$50,427,929	\$45,517,805

DEATH CLAIMS PAID BY REPRESENTATIVE CO'S

Company A—

	1920	1921
January	\$ 144,140	\$ 193,820
February	174,874	327,051
March	250,138	220,446
April	262,961	244,848
May	150,806	134,089
June	276,878	136,269
July	187,651	193,140
August	185,228	190,444
September	217,664	285,584
October	166,035	262,822
November	236,732	221,085
December .....	.....	.....
Total	\$2,253,104	\$2,409,608

Company B—

	1920	1921
January	\$ 84,510	\$ 113,296
February	80,355	111,409
March	144,254	72,468
April	102,439	80,940
May	57,224	94,141
June	78,591	93,056
July	69,675	98,255
August	62,076	94,709
September	150,738	110,972
October	60,923	108,668
November	103,680	99,863
December .....	.....	.....
Total	\$ 994,465	\$1,087,777

Company C—

	1920	1921
January .....	.....	\$ 2,999
February	\$ 500	.....
March	1,500	1,898
April .....	.....	.....
May .....	.....	.....
June	150	6,000
July .....	.....	.....
August .....	.....	.....
September .....	.....	2,000
October .....	.....	.....
November .....	.....	.....
December .....	.....	.....
Total	\$ 2,150	\$ 12,897

Company D—

	1920	1921
January	\$ 38,746	\$ 34,678
February	42,159	31,933
March	67,043	34,979
April	39,231	31,668
May	29,549	28,151
June	33,915	21,814
July	24,956	61,630
August	27,194	27,913
September	25,543	23,392
October	18,470	33,194
November	27,308	36,104
December .....	.....	.....
Total	\$ 374,614	\$ 365,356

Company E—

	1920	1921
January	\$ 20,488	\$ 18,500
February	22,374	26,504
March	23,580	17,286
April	27,298	20,500
May	33,999	22,467
June	17,360	20,264

July	14,549	10,955
August	8,208	17,257
September	17,420	15,599
October	11,904	20,500
November	15,531	22,359
December .....	.....	.....
Total	\$ 212,701	\$ 214,191

Company F—

	1920	1921
January	\$ 6,055	\$ 12,100
February	13,875	8,000
March	11,000	9,500
April	17,917	16,000
May	11,730	10,500
June	17,410	14,300
July	6,000	9,557
August	1,000	11,978
September	1,000	14,500
October	10,400	997
November	2,895	8,193
December .....	.....	.....
Total	\$ 99,282	\$ 115,625

Company G—

	1920	1921
January	\$ 61,265	\$ 77,482
February	195,631	111,681
March	125,850	53,455
April	86,406	75,715
May	85,986	82,150
June	94,149	71,706
July	87,210	143,560
August	122,193	111,333
September	70,889	93,709
October	118,807	68,966
November	54,699	132,786
December .....	.....	.....
Total	\$1,112,885	\$1,022,543

Company H—

	1920	1921
January	\$ 74,487	\$ 55,439
February	68,764	42,666
March	70,957	64,366
April	62,023	35,157
May	89,559	36,568
June	63,496	51,714
July	70,858	43,321
August	33,549	21,725
September	39,642	31,937
October	79,636	20,413
November	36,276	49,764
December .....	.....	.....
Total	\$ 689,247	\$ 453,070

Company I—

	1920	1921
January	\$ 17,497	\$ 42,736
February	82,026	97,971
March	170,896	83,310
April	165,333	101,397
May	141,286	111,006
June	132,761	115,923
July	131,963	80,534
August	139,567	64,176
September	144,188	89,096
October	90,464	112,592
November	158,214	195,265
December .....	.....	.....
Total	\$1,372,195	\$1,094,006

Survey of Casualty Insurance in 1921

More Than Twenty Different Lines Are Now Written, and Business Has Assumed Increased Importance—Effects of Year of Depression Shown Clearly in Decreased Volume of Business

BY RANDOLPH S. MORTLEY.

CASUALTY insurance in the Dominion of Canada has become decidedly important. Grouped in more than twenty classes, each class being separate and distinct from all the others, the business of Casualty Insurance has kept pace with the rapid growth of the country in population and wealth, until its proportions in the various classes have become quite formidable. The time was when "Insurance" was generally understood to mean simply the branches known as life, fire, marine, and a little later sickness, accident and guarantee insurance, or indemnity; but now many men own numerous kinds of property, and illogically it is said, in most cases, learn to protect these various kinds of properties from destruction and loss much faster than they acquire a full appreciation of the greater advantages to be derived from adequately insuring their own more precious lives.

They know that their houses may burn down and their businesses be shattered or wrecked, that their motor cars are frequently stolen and destroyed, their jewels and platedware, bonds and other much valued securities may at any time disappear through burglary and "hold-ups"; that their large factories, contents and staffs are liable to be blown up, or seriously injured by explosion, water, lightning, electric, or other atmospheric storms; that their prize live stock may be suddenly killed in a train wreck, or by shipment, that their crops and even themselves may be destroyed by hail, tornado, or rain, etc., etc.—so that they are induced to secure insurance indemnities against all these calamities.

This Year's Experience

As there are various companies—Canadian and foreign—engaged in and actively competing for business in all these classes of insurance and a few others in Canada, we append a brief summary of the year 1921, as far as we have gone—say, ten months—on the average, based upon the experience of the leading companies doing business in each department, with head offices or branches in Toronto. As nearly all these large corporations do not issue statements until after the beginning of the year, it has been found impractical to secure complete reliable figures, especially in cases where the head offices are located in other cities, and reports must be secured from all the branch offices. Moreover, the collections are largest in most lines during the last two months. In some cases we are enabled to make comparisons for ten months of 1921, with the like period of the previous year, and as will be seen, the percentages of increase or decrease in new business in new business written, or amounts of losses sustained are given by nearly all the companies interviewed. This year of depression in general business conditions has not proved to be the most favorable for these important branches of insurance, for while experience teaches that in marked times of depression in trade nothing maintains such an even keel as all kinds of insurance business (from the nature of its service), even the largest corporations have realized the depressing effect of "hard times," and have found great difficulty in footing up totals as large as in recent previous years. Those companies operating in practically all leading lines of casualty business are of course not so liable to be affected by the conditions as other companies, and this makes the difference between those who may be said to have just "held their own" and those who are compelled to admit a falling off in volumes of business and premium receipts, as compared with 1920, the latter class would seem to be in the majority.

In automobile insurance, especially, this year has proved for the most part unprofitable, and some companies like the U. S. Fidelity and Guarantee Co., witnessing the turn of events earlier in the year, purposely caused a reduction in the total volume of business written in the larger cities particularly, and as a result of their prudence, they are able to show a more favorable loss ratio, as compared with 1920, than some of their competitors. As will be seen by our special article elsewhere in this paper, this department of casualty business constitutes one of the "high spots," or low spots, in underwriting in Canada in 1920.

HEAVY MARINE LOSSES IN 1921

Losses Were Over One Hundred Per Cent., According to Estimates of Leading Underwriters

MARINE insurance protects policyholders against risks connected with navigation to which ships, cargoes, freight, profits or other insurable interests may be exposed during voyages or fixed periods of time. An almost infinite variety of marine policies are issued to meet the different special requirements. The simpler, best known forms are "Hull Insurance Policies," which cover ocean and inland vessels, steam and gasoline yachts, etc. The terms and provisions of these policies depend upon the courses to be navigated, as well as the type and construction of the vessels insured. The "Constructors' Risk" covers a vessel being built in the yards from the time the material is collected until completion, including trial trips before the vessel is turned over to its owners. Annual policies are written to cover steamers navigating coastwise in inland waters, and in the transatlantic or Pacific trade. Of wider interest to business men is the "Marine Cargo Open Policy," insuring merchandise against fire, collision and derailment while on board freight cars or en route to the docks; against damage by fire and perils of the sea, including sinking, stranding and collisions; also against fire and flood at seaports during the course of trans-shipment.

This business was formerly handled by large brokerage offices in the principal seaports, but now that shipments from all parts of the country have become so numerous, manufacturers and merchants demand more convenient direct service, hence insurance agents in all parts of the country may assist shippers. Rates necessarily vary, according to the kind of merchandise, places of destination, shipping routes, etc., and are easily obtained from the marine insurance companies listed in the blue books, city and business directories.

Past Year's Losses Heavy

In Canadian marine insurance circles 1921 was an eventful, stormy year, full of changes, unusually big losses and raising of rates. Some well-known leading companies report that on the whole the volume of business was fair, and would have been largely in excess of that for the previous year, with profits correspondingly greater, but for the enormous losses at sea—chiefly of schooners—by fire as well as sinking. On the Atlantic coast especially the schooner hull insurance was decidedly bad, owing in great measure to the inflated values of vessels, it is thought. During the war the vessels were "boosted" to very high figures, and since 1919 values have been steadily declining, until, as in the case of automobiles, the amounts for insurance were soon out of all proportion to the reduced values of schooner hulls; besides, there were numerous fires, the origin of many never having been satis-

factorily determined. Not many weeks ago, last fall, a schooner put in at Turk's Island in the West Indies for a load of salt. The captain, who was reported ill, had gone to bed in his cabin, and the mates were also lying down, when some of the crew from below, sniffing the smell of smoke, came to the upper deck only to discover the hull on fire beyond hope of redemption—and all escaped to shore, while the vessel burned to the water's edge.

This is only one of many cases that could be cited to explain why the losses which during the years of 1918 to 1920 showed a ratio of 33 per cent. were increased to over 100 per cent. in 1921. A prominent British company, with offices in Toronto, paid for losses last year of about 40 schooners, amounting to probably \$150,000, as their own proportion; and this does not, of course, include the losses by destruction of the cargoes.

Export Insurance.—Business in this was comparatively light during last season, owing partly to the unfavorable condition of the exchange market, resulting in unprecedentedly high rates. The pilferage hazard, too, since the war has been so great that many of the companies had to cut out a lot of the theft business offering, thus decreasing their total premiums to below the totals of 1920 and some previous years. In fact, the pilferage hazard became so utterly bad that rates on shipments of merchandise to the Far East, India, Australia and South America were all raised and were comparatively high during the last two years. Some articles of dry goods, for instance, which formerly were carried for .02½¢ per \$100, were last year rated at 70¢. Before the war some of these smaller articles were carried free; now the Asiatic ports refuse to insure pilferage risks, and all underwriters have ceased to cover the hazard on shipments to Central and South America, India and the Eastern Mediterranean.

Imports Insurance.—The volume of insurance and premium receipts for coverage of imports last year showed a considerable increase compared with 1920, but the total of losses was much larger, for much heavier amounts, than in pre-war days. This condition is attributable mainly to the unsettled labor conditions and increased crime wave since the war, together with the depreciating values. In

the marine department there was plenty of business offering in 1921, and competition for it was keen, which tended to reduce profits, but the companies report that the trend in shipping conditions is towards improvement. More care is being exercised on the part of shippers, which helps to better the conditions; premium companies, some of whom have learned lessons by their experience last year, are now averse to accepting accounts with "frills" or fancy conditions. They stand perfectly willing to pay all legitimate losses, the result of an "act of God," of which there were many last season. On or about December 4th last a great storm swept over Newfoundland, causing the loss of 17 sailing vessels; another severe storm visited the Upper Lakes in December, without severe losses, however, and during the hurricane season in the West Indies last fall there were 20 lighters sunk in a single port.

FIRE AND EMPLOYERS' LIABILITY LINES

These Show Reduction of About 20 Per Cent. in Premium Income, Says One Company Manager

OUTLINING the developments of the past year, the general manager of one of the large British companies doing business in Canada said to *The Monetary Times*:—

"With the exception of the exception of the Fire and Employers Liability Departments it would appear that the premium income for the ten months ending October 31st, 1921, for each department is practically the same as for the corresponding period of 1920.

"The Fire and Employers Liability Departments indicate a reduction of approximately 20 per cent. in premium income—accounted for by diminution in values, and reduction in wages expenditure, consequent upon diminished production in the factories of the Dominion.

"Claims as a whole seem to bear about the same proportion to total premium income as for the corresponding period of 1920. It may be expected that there will be some increase in the fire loss ratio for the year 1921 as compared with the year 1920."

Recent Tendencies in Life Insurance

An Examination of Deaths and Their Causes—Experiences of United States and Canadian Companies for the Past Few Years—First 10 Months of 1921 Show Decrease

BY ROBERT LYNN COX, THIRD VICE-PRESIDENT, METROPOLITAN LIFE INSURANCE COMPANY.

An Address at the Fifteenth Annual Convention of the Association of Life Insurance Presidents in New York City.

THE business of Life Insurance has grown within recent years to most impressive size. This is attributable directly to the ability of its exponents to make men think of life and death in economic terms. Life Insurance has taught the world that in one sense it pays to raise men and women just as it pays to raise horses and cattle. It pays in dollars. Men understand now pretty generally that what human beings can earn beyond their "board and keep" can be measured—that is to say this can be done with reference to that imaginary being known as "Mr. Average Man." What he is worth toward increasing the capital of the world can be definitely foretold and calculated. We know within a few days or weeks of how long he will live and just about what he would bring if he could be put upon the auction block. Uncertainty as to the span of life relates only to the individual life. Death holds no terror of uncertainty for Mr. Average Man. Statistics based upon the actual experience of Life Insurance companies have proven absolutely the number of his years. He neither fears less nor hopes for more. He knows.

Now the business of Life Insurance, speaking from the cold standpoint of figures, is merely a plan for converting the fearsome individual of unforeseeable years of life, and therefore of unknown economic worth, into an average man with a certain number of years to live and therefore of well known and very definite worth. In fact, there is more certainty today of what a fully insured man is worth dead than what he is worth alive. Dead, he is worth as much as the average man or more. Alive, through sickness or accident or dissipation, he may be converted at any moment into a liability.

It is fortunate that this scheme for guaranteeing a definite number of economic years, or we might say for capitalizing the economic worth of each individual life, can be done on the installment plan, with comparatively small annual outlay. This has brought Life Insurance within the reach of all, and carried it into most homes in this country.

We, as Life Insurance men, see the problem of "National Health in our Life Insurance Mirror" as an economic problem of wide interest and great importance. We see it through the eyes of forty million people with whom we have

contracts directly related to the length of time they are expected to live. Of necessity we approach this question, as we do all others, from the standpoint of Mr. Average Man, the man who determines what kind of policies we shall issue and whose life expectancy fixes our premium rates therefor. We would inquire concerning what is being done to improve Health for him.

We know that if our business were a lodge or society which had power to endow each member with a definite number of years of life, such as we know are guaranteed to the Average Man—say 35 years for a man 30 years old, 28 years for a man of 40, 20 years for a man of 50, and so on—initiation fees and annual dues in such an organization might be fixed high enough to compare with admission fees and dues in an up-to-date golf club. We know, but have a hard time convincing men outside of our business that men who take out and maintain an adequate amount of life insurance receive an *absolute guarantee* of the length of their *economic* lives, a guarantee that as to their net earning power each shall live his full measure of life expectancy. Seeing, as we must and clearly do that, the dollar and cent worth of years of living, let us turn now to some recent figures which show how closely we are in touch with the losses caused by deaths among the creators of the wealth of the world.

The death claims paid by the Life Insurance companies of the United States for the year 1920 amounted in round numbers to \$350,000,000. Most of this was paid on insured men, women and children who died prematurely. In fact, life conservation work as it has been developed in the last two decades has demonstrated to the point of reasonable certainty that not less than one-third and perhaps even one-half of all deaths which occur in any one year might be postponed to subsequent years varying in number somewhat according to geographical location, nationality, occupation, working conditions, etc. It has been shown, for example, in the experience of one life insurance company that within a period of ten years, the lowering of the death rate that has actually been achieved is equivalent to having added four years to the average life expectancy of its male policyholders. If America could remove Tuberculosis from among the causes of mortality, which has long been the ambition of those engaged in public health work, it would be equivalent to adding at least three years to the average life span of the entire population.

Similar estimates made for other preventable diseases indicate that life expectancy can very reasonably be extended to an average maximum of seventy years instead of a maximum of fifty-one years, as shown by the Life Tables of 1910. In terms of the whole nation, such life extension makes for such enormous increase of national values that the effort would be fully justified.

Carefully prepared estimates based on government census figures show that the net gain in economic wealth of this country is at the rate of about \$100 per person per annum. As this rate is reached by including in the calculations not only minor children but also the sick, disabled and aged, it is not difficult to realize the far greater economic worth of the really productive people of the country, upon whom falls the burden of doing the world's work.

Assuming, as I think we fairly may, that on the average productive male members of the race are worth "net" to the world at least \$500 a year each, (that is, each is worth \$500 over food, clothing, shelter and other costs of his personal maintenance) we get a new view of what life prolongation means in money's worth.

Nine million men are said to have been killed in the great world war—nine million men whose average life expectancy was about thirty-five years. This means that 315,000,000 years of productive human activity, worth \$500 a year net, was thus lost to the world. Expressed in dollars it means that one hundred and fifty-eight billion dollars worth of human lives were destroyed by this war. Added to this, perhaps as much more was lost by the disablement of those who still live but who have been converted into human liabilities—not only worthless as producers but who from now on must consume wealth that is being produced by others.

Men are accustomed to calculate the economic cost of the war only in value of material things destroyed and supplies wasted, but in the Life Insurance Mirror we see this

larger loss of human economic value that likewise was destroyed and is now gone forever.

But this view is retrospective, resting upon that which is irreparably lost. It is a sorry picture. Let us face forward, using our lessons of the past to prevent if possible a repetition of such colossal mistakes in the future.

For the avoidance of wholesale slaughter hereafter, we in common with other citizens with neither power nor responsibility, must rely upon those great statesmen and world leaders assembled at Washington, to find ways of preventing future wars. But, as patriotic citizens of the United States and Canada engaged in the business of Life Insurance, may there not be something worth while we can do to prolong the lives of those who still live and of those who are to be born hereafter and thus make up in part at least for our great war loss of human assets?

In order that we may see both our problems and our opportunities, the Association of Life Insurance Presidents has obtained from leading American Life Insurance companies, and this enabled me to present in connection herewith in tabular form, certain statistics relating to deaths and causes of deaths for the first ten months of 1921 and for the corresponding period of 1920.

The striking thing shown by these figures, covering 27,000,000 human lives, which of necessity reflect general health conditions throughout the country, is the extraordinarily favorable mortality of the current year in comparison with the year 1920—a year which up to that time was one of the best which life insurance companies had ever experienced. These figures for ten months of 1921, supplemented by what we know of our mortality experience as it has been running since October 31st, show that the United States and Canada, as a whole, will, close the year 1921 with a lower death rate than has ever been experienced by these countries in any calendar year of their history. Let us translate this fact into number of lives saved in 1921. The thirty-seven life insurance companies contributing these figures transact about 80% of the life insurance business of the country and the figures actually submitted for the first ten months of this year in comparison with the first ten months of last year are from a group of policies representing in point of number 55% of all now outstanding in the United States. Combining both Ordinary and Industrial life insurance business, these thirty-seven companies report that while they experienced in the first ten months of 1920, deaths numbering 205,941, for the same period this year only 184,860 deaths have occurred. This shows a reduction of 21,081 in the actual number of their death losses this year. But this large number does not tell with entire accuracy the whole story of the life saving of the year because it covers only the months and the deaths of 1921 occurred among a greater number of lives at risk. By using these facts to correct our calculations it may be said that the net saving for this group of life insurance companies will amount to at least 26,402 lives. Stated in the usual mortality ratios, it means that the death rate of this year for these companies will be 8.24 per thousand instead of 9.58 per thousand, as it was in 1920.

This mortality gain translated into money saved in the payment of death claims by all life insurance companies of the United States for 1921, measured by outstanding insurance, will amount in round numbers to at least \$51,000,000. This vast sum, with the gains made in 1920, will go far toward making up the excess losses of 1918 and 1919 occasioned by Influenza, estimated conservatively at more than \$170,000,000.

Using the United States Census Bureau's figures for 1920 for the registration area of the United States, representing eighty-two per cent of the population, we find the total officially recorded deaths for last year were 1,142,578. Taking the same rate of mortality for 18% not covered by the registration area, we reach an estimated total of 1,389,998 deaths in the United States for 1920. Applying the saving of one and one-third lives per thousand experienced by life insurance companies for the first ten months of this year to the population of the United States and Canada, we find there will be in these two countries a probable saving of 153,000 lives in 1921 over 1920.

Let us look now at the various causes of death as they

The Prudential

Insurance Company of America

Established 1875

Entered Canada 1909

Over eight hundred Canadians are employed in the fifty branch offices of the Prudential in the Dominion of Canada, clearly emphasizing the character of the Prudential's Canadian Organization. The Prudential deposits in the leading banks of the Dominion, invests in Canadian Government Bonds, helps Canadian city and town improvements through the purchase of Municipal Debenture Bonds and pays out hundreds of thousands of dollars in claims and dividends each year to the Canadian policy holders. The Prudential is, in truth, living up to its slogan in Canada:—

“AN AMERICAN COMPANY DOING
BUSINESS WITH CANADIANS —
THROUGH CANADIANS.”

And your premiums paid on Prudential policies are not only safe, but always at work, in the Dominion, making better cities, better towns, better farms and better homes.



The Prudential
Insurance Company of
America

Incorporated under the laws
State of New Jersey

President—
FORREST F. DRYDEN.

Home Office—
Newark - New Jersey

are shown in the tables submitted herewith, covering 184,860 cases occurring during the first ten months of 1921 :

Causes of Death Showing Decreases in Rate for the First Ten Months of 1921 in Comparison with the Corresponding Period of 1920.

	1st 10 mos. 1920	1st. 10 mos. 1921
Influenza	14,941	1,730
Pneumonia (all forms)	22,243	13,708
Tuberculosis (all forms)	25,288	22,443
Other respiratory diseases	3,489	2,732
Bright's disease	14,652	14,359
Puerperal state	3,429	3,125
Measles	1,148	492
Whooping cough	895	547
Meningitis (all forms)	881	782
Diarrhoea and enteritis	2,392	2,327
Typhoid fever	1,328	1,379*
Cerebral hemorrhage	12,732	12,838*
Organic diseases of heart	23,738	24,415*
External causes (excluding suicides, homicides and automobile acci- dents)	10,481	10,084
Miscellaneous	45,035	47,403*
	182,672	153,334

* Though certain causes of death show increases in actual number of deaths for 1921 over 1920, the rate per thousand is in fact lower because of the increased number of lives at risk in 1921.

Causes of Death Showing an Increase in the Death Rate

Cancer	14,604	15,865
Suicides	2,096	2,852
Homicides	1,052	1,322
Automobile accidents and injuries ...	2,311	2,624
Scarlet fever	651	942
Diphtheria	2,555	2,891
	23,269	26,496

Grand Total, All Causes 205,941 184,860

We note first that fifteen out of the twenty-one classified causes of death show a lower rate than they had for the year 1920. In some instances the reduction is very striking. Only six out of the twenty-one show increases. It may be of interest to consider some of the more important ones in relation to the problem of improving average mortality.

We see at the outset that about 28% of deaths during this year have been caused by diseases which under our present habits of life are pretty sure to continue at high ratios among the various causes of death. These diseases are cerebral hemorrhage, organic diseases of the heart and Bright's disease. In the main they are ailments of the more advanced years of life. To a very great extent they mark organic and functional break-downs. Therefore we turn for hope to the other causes of death constituting 72% per cent. of the total. It is among them that we must seek large results in the prolongation of the average human life.

Though we learn that tuberculosis has caused the enormous total of 22,443 deaths, that is to say about one in eight of all deaths that have occurred in 1921, we have in mind for purposes of comparison the fact that no longer than ten years ago its ratio stood at causing nearly one death among every four. This remarkable drop in the tuberculosis death rate is one of the most conclusive proofs of how much can be accomplished when cause and cure of a disease become matters of common knowledge and of community concern.

Within very recent years typhoid fever has been relegated to a place of minor importance, though in former years it played sad havoc with the lives of our people. This in large part is true of diphtheria—that dread destroyer of child life for centuries past, which in recent years has been largely brought under medical control and thereby put in a comparatively minor place among the causes of death.

But a comparison of deaths in 1921, with 1920 and earlier years, shows such an alarming increase in the mortality caused by these two diseases as to teach us that eternal vigilance and constant application of medical knowledge is

the price we must pay for escape from death-dealing micro-organisms. There is really no longer a good reason why typhoid fever or smallpox or diphtheria should be an epidemic in this country and yet we find them rising too frequently to that proportion in certain localities because people either fail or refuse to employ the means through which they had been brought almost to the vanishing point as causes of death.

Deaths from pneumonia, as reported in these tables, were only 13,708 in 1921 as compared with 22,243 in 1920, an actual reduction from this cause alone of 8,535 deaths, or nearly 40%. If we take into consideration the greater number of lives at risk in 1921, we might say that pneumonia is only about one-half as serious a cause of death this year as it was last year. Such a large and important variation as this certainly calls loudly for more intensive study of its causation and methods of prevention in order that we may be sure of holding the gain achieved in 1921.

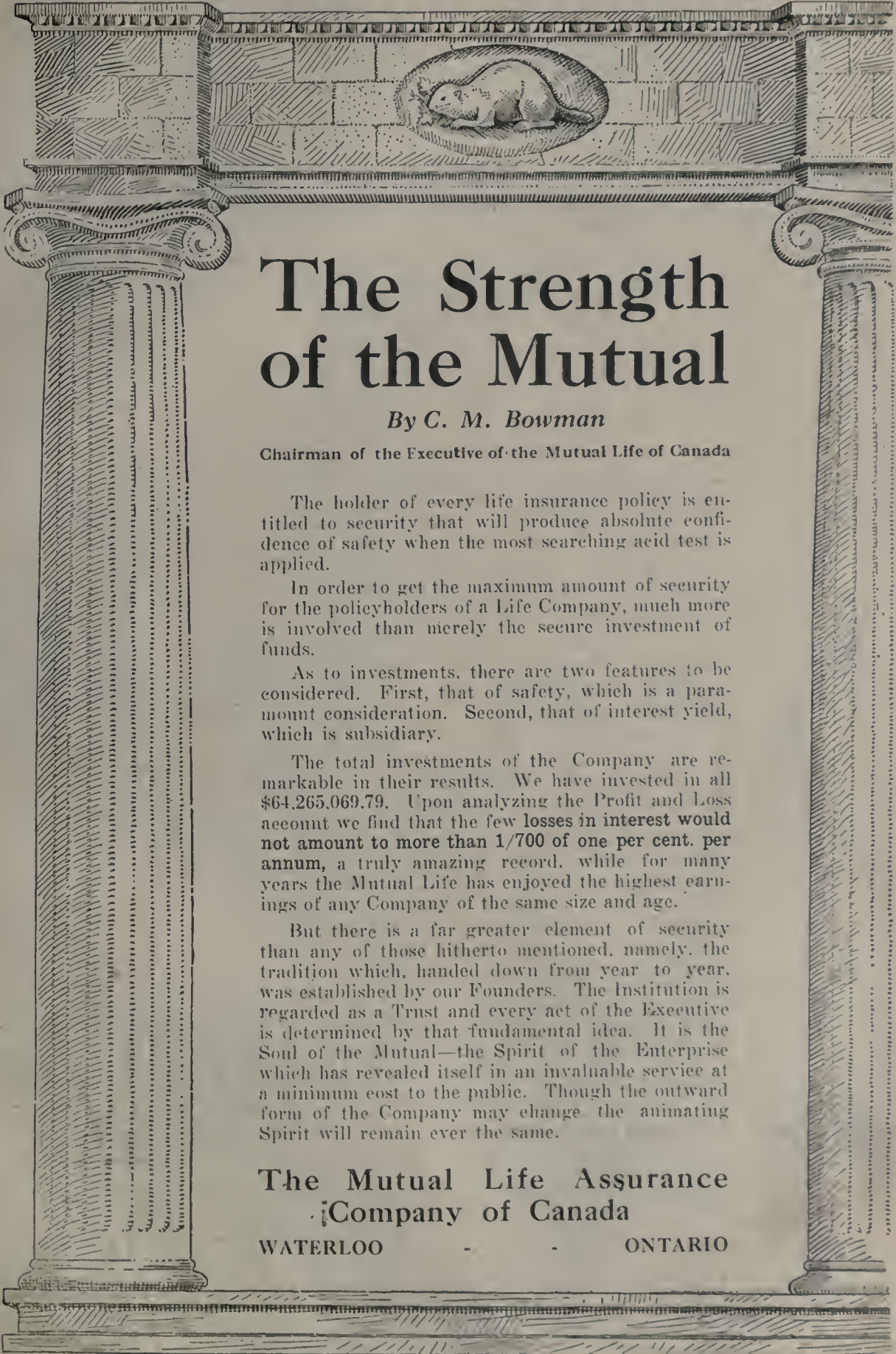
The most amazing factor in the health situation of the year is the almost complete disappearance of influenza as a cause of death. Only 1,730 deaths are reported for ten months of 1921, as against 14,941 for the corresponding period of 1920 which was not regarded as an epidemic year. In fact the rate has been lower in 1921 than for any other year within the last ten, and there is no indication of any upward tendency as the year is drawing to an end.

But there are always some exceptions to be noted and mention must now be made of certain causes of death that are showing increases over those of last year. Suicides and homicides amounting to 4,174, have increased by the number of 1,026 or about four times what the increase would have been had the rate per thousand of 1920 remained constant for 1921. This doubtless is a direct result of war reactions, business depression, unemployment and other phases of economic disturbance, and will largely cure itself as times improve.

A matter of no small concern among the increasing causes of death is the steadily mounting mortality caused by automobiles and other motor-driven vehicles. The number of deaths in 1921 reported by the life insurance companies that furnished their figures for the compilation on which this paper is based, was 2,624, which is an increase of nearly 15% over 1920.

We are rightfully concerned over untimely deaths caused by micro-organisms of the vegetable and animal kingdoms and are willing to spend time and money freely in trying to isolate, study and catalogue them, to the end that their ravages may be held in check. We talk learnedly of bacteria and bacilli but overlook the "*Bacillus Automobilis*," whose presence behind the wheel of his juggernaut can be discovered without aid from the microscope and whose homicides might be largely prevented by more effective policing of our congested highways. Our experience for ten months shows that ten thousand human lives will be brought to premature deaths in 1921 by motor-driven vehicles, at an economic loss to the world of at least \$25,000,000, and yet we are in the habit of counting out mobiling cost in terms only of cars, gasoline, tires and accessories.

As members of the human race, we sense as other men do, the agonies of the heart that result from family separations and we sympathize fully with our fellow men in the mental suffering occasioned by the deaths of the loved ones. But as life in urance men we are compelled to go further and count other costs as well. In some respects we are like the Red Cross workers behind the battle line. We count the dead and succor the wounded. We are back of every sector on which the enemy is making an attack. We know each day how many have fallen and from what causes. We record and tabulate our information months and almost years ahead of the reports that are given out from headquarters in Washington. Does it not seem that in some way we should arrange for more direct communication and greater co-operation with the forces that are fighting the battle for better health and longer average life? From the nature of our business and its wide spread over the entire country and in all kinds of homes we know better and sooner than any other organization or agency the trend of public health and just what is causing deaths among the people from week to week. Why, therefore, should we not resolve here and now to make the



The Strength of the Mutual

By C. M. Bowman

Chairman of the Executive of the Mutual Life of Canada

The holder of every life insurance policy is entitled to security that will produce absolute confidence of safety when the most searching acid test is applied.

In order to get the maximum amount of security for the policyholders of a Life Company, much more is involved than merely the secure investment of funds.

As to investments, there are two features to be considered. First, that of safety, which is a paramount consideration. Second, that of interest yield, which is subsidiary.

The total investments of the Company are remarkable in their results. We have invested in all \$64,265,069.79. Upon analyzing the Profit and Loss account we find that the few losses in interest would not amount to more than 1/700 of one per cent. per annum, a truly amazing record, while for many years the Mutual Life has enjoyed the highest earnings of any Company of the same size and age.

But there is a far greater element of security than any of those hitherto mentioned, namely, the tradition which, handed down from year to year, was established by our Founders. The Institution is regarded as a Trust and every act of the Executive is determined by that fundamental idea. It is the Soul of the Mutual—the Spirit of the Enterprise which has revealed itself in an invaluable service at a minimum cost to the public. Though the outward form of the Company may change the animating Spirit will remain ever the same.

**The Mutual Life Assurance
Company of Canada**

WATERLOO

ONTARIO

Association of Life Insurance Presidents a statistical clearing house to which we shall henceforth report deaths and causes of death every month, to the end that the Association may in turn tabulate them and make reports in aggregate to such Government and State Departments as need such information and will use it in fighting the battle for better National Health and longer life for Mr. Average Man—for him who is the composite of us all.

Treatment and cure of disease will always be in demand, of course, but we must look to preventive medicine for large results in the prolongation of human life. Great progress has been made within very recent years and it may possibly be that the lowered death rate of 1921 is the beginning of a fulfillment of prophecies made a few years ago, that the average span of life would some day be lengthened by several years. However that may be, let us form as many alliances as possible and consolidate our forces with a view to holding the very substantial gains we have made. To revive a war phrase, "Let us dig in, on the line of our advance."

We see in the Life Insurance Mirror more clearly than anything else that many diseases make disastrous headway more because of belated interest and tardiness of action on the part of Health Officers than from any lack of knowledge of what to do in the face of danger fully realized.

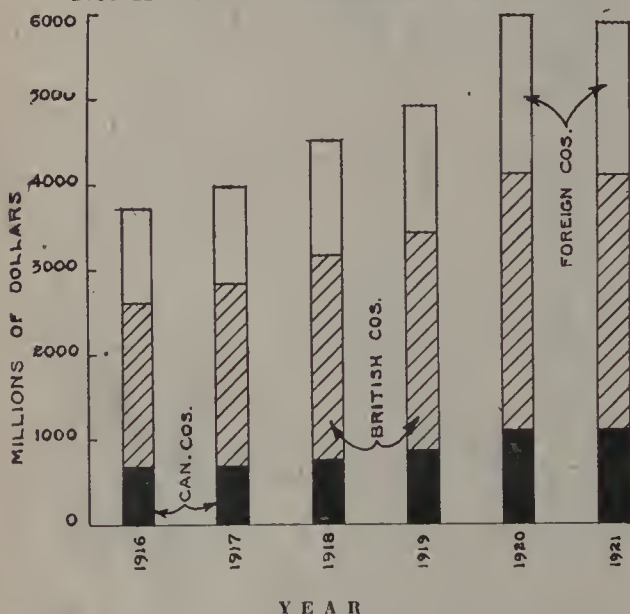
Let us therefore be more alert to sound alarms.

Let us furnish, as we can very easily, the advance information on which intelligent action may be taken to prevent the ravages of those preventable diseases which are shortening so much the span of human life.

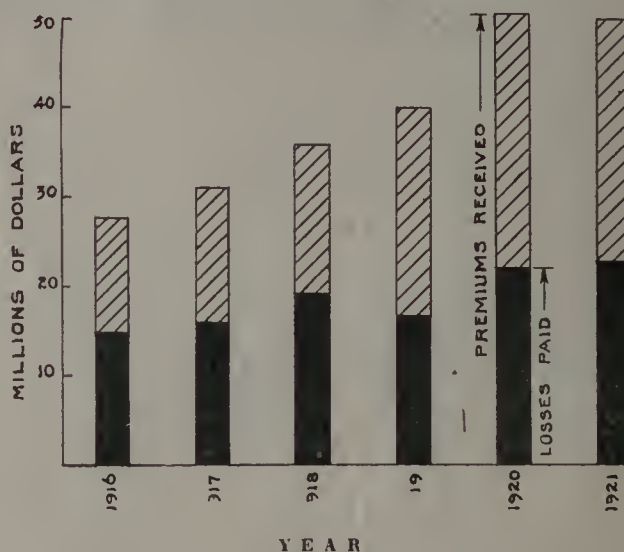
Let us give earnest and stimulative support to the agencies that are working to stamp out these unnecessary and inexcusable causes of death.

Let us thus help toward improving average longevity and thereby gain for our policyholders not only a corresponding reduction in the cost of their life insurance, but also what they want most—additional years of life and happiness on this earth.

Net Amount Fire Insurance in Force



Fire Insurance Premiums and Losses



RETURNED SOLDIERS' INSURANCE BUSINESS

Mortality Rate Has Been High, And Lapse Rate Low—
Figures Up To December 15, 1921.

WITH the approach of the close of the period during which applications may be received, viz, September 1st, 1922, the number of applications being made for insurance under the Returned Soldiers' Insurance Act is steadily increasing. More than 200 ex-members of the forces are insuring each week and it is anticipated that at least 15,000 policies will have been issued before the period expires.

As was expected, the mortality rate has been very high up to the present time. The majority of claims admitted have been on the lives of ex-soldiers suffering from tuberculosis, a great many of the patients in the various Sanatoria throughout the country having taken advantage of the insurance provided. It is expected that the mortality rate will show a decided improvement after the first few years since the majority of present policy-holders are believed to be standard risks.

The lapse rate has been very low in comparison with the experience of the companies, due no doubt to the fact that no business is written under pressure. The Government has no agents for Soldiers' Insurance, those desiring to insure being required to take the initiative in obtaining a policy.

Latest Statistics

Following are statistics showing the amount of insur-

ance in force, number of applications received, etc. up to December 15th:

Approved applications received	7651
Insurance Value	\$17,966,500.
Death Claims Settled	94
Death Benefits Paid	\$32,900.
Payable in Annuities	\$201,250.
Claims pending settlement	70
Premium income to date	\$326,365.

COMMERCIAL LIFE CO'S. ASSETS

To those familiar with that young and progressive western assurance company, the Commercial Life, of Edmonton, an unfortunate error in the company's advertisement on page 171 of this issue will be obvious.

The assets of the company are \$304 to every \$100 of liabilities, not "\$304 to every \$1000 of liabilities," as stated.

The Publishers,
THE MONETARY TIMES.

Guard the Chief Asset

Many concerns are built round a man whose experience, technical knowledge, efficiency, or capital make him one of the most valuable assets of the organization.

Many business enterprises have been wrecked by the unexpected loss of the services of an able official or expert employee, or by the sudden withdrawal of capital.

In such cases it is wise to make provision against an untoward happening by taking advantage of BUSINESS ASSURANCE.

In some cases it is only necessary to assure the life of the higher officers. In others it may be expedient to assure a number of valuable employees. Innumerable instances exist which prove that such policies have adequately fulfilled their purpose.

BUSINESS ASSURANCE has many other uses. For example, the augmentation of capital which it provides gives strength to an organization by improving its credit, extending its borrowing capacity, and supplying funds which can be used to extend the business.

If you will communicate with us about your special circumstances we will give them our most thoughtful consideration.

Sun Life Assurance Company of Canada

Head Office - - MONTREAL

Branches in all Leading Centres in the Dominion

IMMIGRATION BAN HAS BEEN UNSATISFACTORY

Restrictions Imposed By Dominion Government Have Not Been in Best Interests of Country

BY E. L. CHICANOT

A REVIEW of Canadian immigration covering the year 1921, regaded from any or all of the standpoints of a young Dominion concerned with as speedily building its population up is consistent with healthy and sound growth, cannot, unfortunately, be made with any degree of satisfaction in spite of the fact that at the beginning of the year Canada faced what were possibly the rosiest prospects in this respect she ever experienced. Not only has the Dominion failed to take advantage of the unusual opportunities which presented themselves but by legislation, which subsequent events have judged to be ill advised, and a policy of discouragement, has even lost its usual quota of desirable citizens and seen them diverted into other channels whilst it has practically connived at maintaining an open door for those classes of immigrants generally considered not so desirable, whose entrants have increased substantially. There is now an even more deleterious feature in the danger that immigration to Canada from the British Isles may be effected for the future as a result of the injurious impression the discontinuance of advertising and propaganda must have created. Immigration cannot be turned off and on like a tap and once a wave of uncertainty and doubt as to a country's stability and desirability sweeps over a people it is impossible to tell when or where its effects will cease, and a matter of years to effect a readjustment.

Immigration Ban

For the winter season of 1920-21 an immigration ban was instituted in the shape of a requirement that incoming settlers of classes other than the agricultural laborer and the domestic servant be possessed of \$250 in addition to their passage money, the government having regard, presumably, to the disturbed economic conditions of the Dominion at that time and the volume of unemployment existing. There was no pronounced disagreement with this piece of legislation. Canada is unfortunately situated with regard to winter employment conditions and it is generally conceded that no large volume of immigration be encouraged during the winter months.

In many quarters, however, it came as a totally unexpected blow when it was announced that the ban would not be lifted on May 1st as anticipated but continue in effect throughout the summer months. The reason given was the continued state of unemployment throughout Canada though there is every reason to believe that this step was due to pressure brought to bear upon the government by labor interests actuated by a fear that inflated wages would be lowered by an influx of workmen of any proportion. The effects of this step were naturally immediate and far reaching, and serious from the national standpoint. Thousands of persons in the British Isles who had been awaiting the arrival of May 1st and the removal of the ban were forced to throw up their passages after having made all arrangements to sail during the summer months. Immigration returns dropped immediately. After showing steady increases every month since the termination of the war the month of May, the first in which the continuance of the ban was felt, showed a decline and this has continued in every subsequent month of the year for which statistics are so far available.

Fewer Immigrants

The month of May recorded a decrease of twenty-eight per cent. over the corresponding month in the previous year. The declines are noted in the entrance of immigrants from the British Isles and United States. There was a heavy increase in the entrants from "Other Countries". June's decline was twenty-five per cent., the decreases being in the same directions. July's decrease was forty-nine per cent. over July 1920, British Immigration falling off by two-thirds, and that from the United States by one-half, whilst the influx from the other countries doubled. In August and September there were decreases of forty-six per cent. and forty-four

per cent. respectively. The record of decline over the six months of the fiscal year as compared with 1920 is thirty-one per cent.

This increase from "Other Countries" tells its own tale. As a people we are constantly reiterating that our best immigrants are those from the British Isles and the United States; our politicians preach it and it is driven home from the editorial columns of our press. Yet these very people are to a large extent being excluded to make way for "other countries" which include the nations of Northern Europe, Czecho-Slavia, and others whose people, unknowing our tongue, with a lower standard of living, a greater degree of illiteracy, and no great possession of those qualities which make for quick assimilation are certainly very much less desirable for Canadian citizenship than the classes excluded.

Many Undesirables

The effect of this kind of immigration on Canada as a nation struggling for healthy growth, on Canadian institutions, and the general public may be summed up in a single month's record of one Canadian steamship company. In the month of September twelve vessels arrived at St. Lawrence ports carrying 9,319 passengers from Europe of whom 3,600 were new Canadian colonists and 529 bound for the United States. Out of these new Canadians arriving there were 505 detentions on various grounds which resulted in the deportation of 68 of their number. It need hardly be suggested that the remainder of the 505 who were admitted to Dominion citizenship will not make the most desirable type of citizens the country would like. In the first nine months of the year the average number of passengers carried per vessel by this same steamship company was 911.71 in which the average number of detentions per vessel was 42.08 and the number of persons actually deported 5.66. As the steamship companies in these cases are fined \$200 by the government for each deportee and have in addition to transport him free on the return trip as well as return the passage money of the trip out it can readily be seen that the loss to these companies runs some months into tens of thousands of dollars. It is little wonder that Canadian steamship companies, out of patience with the absurdities of government systems of inspection, have established their own doctors and medical examinations at the ports of debarkation.

It has not been that other classes of immigrants have not been available. Overseas a more desirable type of people than ever favored Canada previously have had their eyes turned upon the new fields and new opportunities the Dominion offers. There is a new poor in England, the war hit hardest those of small independent incomes and salaries. It is the desirable middle class, the backbone of English economic life, that the new heavy taxation falls with greatest weight upon. Canada looms up before their vision an oasis in the desert of economic depression and hopeless prospect. There is not the smallest doubt but that there are thousands of this class desirous of emigrating, and it is just as sure that no country could desire better citizen material.

Advertising Has Ceased

Canada has ceased to advertise among them. They are virtually discouraged. Why? We are wont to boast that we have come out of the war period in a better position than most countries, yet Australia, South Africa, and New Zealand, who still have to borrow money from the Motherland whereas Canada was able to advance England sums during the war, realize that the solution to their problems, which are ours and more acute, lies in securing desirable immigration and settling their vacant tracts. They are inducing it by every possible means even to paying steamship and railroad fares to immigrants. Whilst Canada is discouraging British immigration Australia has a slogan of "A million face of the fact that all previous indications proved conclusively that Canada was in every respect the favorite among the British Dominions.

One is forced to conclude that the money restriction was not an advisable piece of policy as not affecting the end for which it was established. Those in closest touch with immigration affairs are almost unanimous on the subject. The fact that a man is possessed of \$250 is no proof of desirability of citizenship. In many instances it proves the reverse. The class of people from the British Isles whom British farmers for a million British farms." Lord

Continued Progress

coupled with intelligent co-operation, makes a connection with

The Western Life

Assurance Company

A PARTICULARLY PROFITABLE ONE

For details of openings in unrepresented districts

address—

Adam Reid,
Managing Director

Head Office :
Winnipeg, Manitoba

It's Too Late---Afterwards!

In placing your insurance, make sure that the companies you select are sound. Caution in a matter of this kind distinguishes the good business man. The companies listed on page four of this publication are all safe to insure with.

Every form of policy written in Canada, containing every worth-while advantage and privilege to the insured, is offered by the advertisers in the Insurance section of

The Monetary Times Annual

1867

As Old as the Dominion of Canada

1922

Northcliffe on his visit to Canada pointed out to Canadian legislators that Canada's quota was being diverted and in Canada would like to see come over to build up her domain have a high standard of living, a higher one than probably exists on any other part of the European continent. To achieve this they are accustomed to live pretty much up to of sufficient money to defray passage expenses is not the easiest of tasks. On the other hand large numbers of continentals who are finding their way to Canada have a living standard very much lower. They accumulate savings at the expense of their methods of living, social, sanitary, and moral. Their saving habit is not of the kind that is a benefit to the nation they belong to being as a rule a purely selfish hoarding. Yet this stocking account gives them entry into Canada over British stock whose money is in continual circulation, there to continue the same selfish piling up of wealth which, too often, is to be taken away at some later the limit of their salaries and incomes, and the accumulation due to their native country.

Restrictions are Overcome

Furthermore, it is a well known fact that this ban is overcome by foreign organizations in this country which assist the entry of fellow countrymen by furnishing the requisite amount of money for entry, which may, in this way be used over and over again. There is not the slightest doubt but that this is being done and the government regulations set at naught for the introduction of continentals whilst the British immigrant has no such organization and for the main part would scorn to resort to such subterfuge to secure entry to one of the Dominions of his own Empire.

At the very time when Canada is discouraging immigration and when the numbers of those brave enough to enter the country show great declines from the number the Dominion was accustomed to welcome before the war and in the immediate post-war period Canada has perhaps more pressing need for immigrants and the salutary effects of an additional population than she ever had before. We are accustomed to comparing the status of the Dominion with that of the United States a hundred years ago. But we can only achieve a growth similar to that of the Great Republic through a healthy flow of immigration. More than thirty-four million immigrants entered the United States in the past century and in the same time the population of the country increased by ninety-seven million. This is tantamount to saying that of every three people in the Republic to the south of us one was an immigrant. What more pressing need is there for immigration, than the government railway problem, the vast stretches of untitled agricultural land, the natural resources which await industrial capital for exploitation, and our huge national debt.

Importance to Railways

Whilst active forces in parliament have energetically worked for an immigration ban and partially achieved their object the government railways have been piling up deficits at the rate of about one hundred millions per year, with railway experts stating in no unmistakable terms that the only salvation of these lines lies in the pursuit of an aggressive immigration policy. "It was an aggressive immigration policy which built up the Canadian Pacific" said Mr. Beatty, present president of that road, "and without immigration the prospects of the Canadian National are in my opinion hopeless."

Railway lines to pay dividends must have tributary revenue through the settlement, agricultural and industrial of the lands about them. The influx of settlers means passenger traffic; production ensures constant freight service; denser settlement and greater production elevate land prices and bring in their wake industrial settlement. Industry cannot prosper until there is a contributory population to supply the labor and the markets necessary and manufacturers are not going to introduce capital into unsettled areas. With such a length of the government lines running through territory that is unsettled and unproductive it is quite obvious that these areas cannot be made to pay until there are people dwelling on them, and they never will be settled until the right kind of people is made available for immigration.

Expert railway statisticians, taking into account every pertinent factor, and after exhaustive calculations, have

estimated that each new settler in Canada is worth the sum of \$746.33 to the railroads of the Dominion in his lifetime. This applies to any line to which he may become a contributing member, and here we have in concrete figures just what settlers would mean in solving the government lines problem and just how many exactly are necessary to wipe out the huge annual deficit.

Much Land Available

In the four Western provinces of Canada there are approximately 300,000,000 acres of fertile arable land which have never yet known the plough. Manitoba has only six people to the square mile; Saskatchewan two; Alberta less than two; and British Columbia barely one. What other solution is there for rendering productive this huge area but immigration, the introduction of settlers of the type which produced a Seager Wheeler, the Hill Brothers, and Herbert Greenfield.

We confidently expect that the fully published census returns will disclose a Dominion population of nine millions as against three millions at the time of Confederation. What built up this population but immigration? And what would be the effect if the census returned ten million instead of nine—the addition of a million people which Canada could secure, of the very best type, from the British Isles without the slightest trouble. Should the entire million go on the land and be given each a homestead 160,000,000 acres would be made productive, bringing under cultivation more than one half of the uncultivated vast, and multiplying by four the West's present agriculturally producing area. Canada has a national debt of 2,349 millions which is being paid off by about nine million people. The per capita debt is approximately \$261. Add a million to the Dominion's population and it automatically drops to \$235. The value of a settler to Canadian railroads is \$746.33. Settle one million more people in Canada and their contributory revenue is in excess of \$746,000,000 wiping out the government railway deficit for all time.

The ban on Canadian immigration has been carried to lengths undreamed of by the Canadian people and only the despatches of the British correspondents of Canadian papers give an inkling of what is going on across the water. To quote from a recent despatch from a reliable correspondent: "The rigid discouragement of even experienced unmarried farm workers is being continued by the Canadian immigration authorities." The actively working mind of Lord Northcliffe grasped in a brief time the defects of our immigration system and he went the length of pointing out to Canada that she was losing out heavily at the present time to Australia and other Dominions and was liable to suffer further in the future from the loss of her prestige as a country for British immigration, a reputation not easily built up but gone in a moment. He points out too the absurdity and waste of the drastic medical examination which turns so many Britishers back at the very doors of Canada after they have been passed by the medical officers on the other side and suggests, what is apparent to everybody, that the final examination should be in the British Isles and emigrants spared this loss of time and money, and the ignomy of rejection. Some particularly glaring and heinous blunders on the part of Canada's immigration authorities, following out decrees which they cannot deviate from, have filled long columns in British press and given Canada the worst kind of publicity possible.

Present Situation Unsatisfactory

The Canadian public as a whole has not been in the habit of regarding immigration matters very seriously or had a very keen realization of the effect upon the development of our country the trend of the flow to our shores has. But the declining months of 1921 witnessed a widespread interest which evidenced itself in many ways. Defects and blunders—glaringly revealed a basic unsoundness in Canadian immigration policies and systems out of which arose a wholesale publication of editorials on the subject as well as numerous letters. Indignation meetings have been held in places to protest some particularly ignominious detention or deportation resulting in a clear travesty of justice. There is swept over the Canadian people a conviction that the whole system of examination on entry is faulty and the logical means of deciding who shall be the future Canadians reversed. No

THE Western Empire Life Assurance Company

WINNIPEG

MANITOBA

RESULTS FOR 1921 SHOW—

*Increase in Business Written.**Increase in Business Issued.**Increase in Premiums Collected.**Increase in Interest Collected.**Increase in Assets.*

IN SHORT—A YEAR OF SUBSTANTIAL PROGRESS

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produce good business

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President and Managing Director

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Secretary-Treasurer

THE Portage La Prairie Farmers Mutual Fire Insurance Co.

Head Office, Portage La Prairie, Man.

Organized 1884

INSURANCE IN FORCE:

December 31st, 1889	\$ 832,145.00
December 31st, 1895	1,632,666.00
December 31st, 1900	4,408,061.00
December 31st, 1905	11,806,165.00
December 31st, 1910	20,350,581.00
December 31st, 1915	30,288,709.00
December 31st, 1920	63,153,907.00
November 30th, 1921	68,500,000.00

We have paid the farmers of Manitoba
over \$1,250,000 for loss claims

This Company insures in the
Province of Manitoba Only

PRESIDENT, E. H. MUIR.

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Head Office - Beulah, Man.

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Licensed in Manitoba and Saskatchewan

Insurance in Force - Over \$45,000,000.00

Assets Dec. 21st 1920 - \$731,906.32

Losses paid to the Farmers of Western
Canada to date, over Half a Million
Dollars

Lowest Assessment Rate of any Mutual Company

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The Secretary,

BEULAH, MANITOBA.



clearer condemnation of our system could be found than that public spirited citizens have found it necessary to band themselves together and seek Federal incorporation for the purpose of assisting desirable British immigration, a work which should be that of the country.

With the anxiety of the Dominion's future at heart one cannot regard 1921 as anything else but a disappointment from the standpoint of immigration. We still have the eyes of thousands of sturdy, intelligent Britishers cast upon the

Dominion waiting for an invitation if not a welcome. The Deputy Minister of Immigration and Colonization has visited the British Isles and things are indefinitely promised which is not a logical sequel to a policy of discouragement. Perhaps however in 1922 it will be found possible for the Dominion to accommodate more of these peoples and sacrifice some of the steamer space devoted to less desirable entrants. To drive them elsewhere is the Dominion's loss, and future hopes we base on past achievements may be cast to the winds.

Growth of Burglary Insurance Has Been Rapid

Practically Unknown in Canada Before the War, It Has Expanded Rapidly Because of Excessive Crime Wave and Increase in Amount of Valuables Held

BURGLARY, of course, means forcibly breaking into a building for the purpose of stealing property therein, and differs widely from theft by household servants or by outsiders entering through open windows or doors, without the use of force. Protection by insurance from both may be secured, but if loss through theft is included in the policy, the rate will be somewhat higher than for burglary alone. Policies are written to cover not only burglary and theft from private residences, but from stores, banks, offices, business buildings, hold-ups of paymasters, messengers, etc. These policies vary widely in form and construction to meet all special requirements.

Losses are reported to have been extremely high last year, thus nullifying much of the profit accruing from the increased amount of business, which, in the case of some companies, ran up to 30 and 40 per cent. There is already a co-insurance clause in the Open Stock Insurance Policy, and the companies contemplating inserting it also in the Residence Policies, for such articles as gold and sterling silver, jewellery, and those wholly or partly made of fur.

A New Development

Although policies were written in a desultory manner as far back as twenty-eight years ago, the business of Burglary Insurance Underwriting in Canada (except with the larger banks, who carried policies with Lloyds of England, chiefly), was practically unknown before the Great War. In England and the United States, of course, this class of insurance has for very many years been as common as that of fire or other kinds of insurance, but obviously in this comparatively new country, it is yet in its infancy, and has to some extent, perhaps, been tentative in its methods and regulations, terms and rates, etc. But since the war, the great number of hold-ups, burglaries and daylight robberies, especially in banks, all over the Dominion, has given rise to a steady increase in the demand, from the business community particularly, for burglary insurance. And in 1920 we find that 22 companies in Canada were issuing burglary policies—9 Canadian companies, 6 British and 7 foreign; the premium for amounts written last year totalled about \$488,000—an increase over the amount for 1919 of about \$160,000, but while the losses in 1919 were only \$116,000, for last year they footed up \$244,166, or nearly sixty per cent. The net amount of premiums earned in 1920 was only about \$400,000 in policies, but when compared with 1902, when the premium income amounted to \$18,000 on 1,654 policies issued, the total for last year does not seem so small. Owing, doubtless, to their heavier losses, experienced for many years, the United States companies represented in Canada had been urging the Burglary Underwriters' Association of Canada to increase its rates, but the Canadian companies timidly held back, lest they might be thought to be prohibitive. However, after last year's experience, the members of the Association met in June last to readjust matters and if possible establish the rates upon a more scientific basis. A certain advance was agreed upon, but before it could be put into effect, one

company at least objected to the method of carrying it out, and thus the advance became ineffective. The question was held in abeyance until the Fall of this year, when at another more representative meeting of the companies held at the end of September last, it was decided to adopt the divided coverage policy, in residence burglary forms, grouping jewellery, silverware, furs, plumbing, light and water fixtures, etc., under one item, and exclude liquors, which may be insured as a specific article, at the rate of \$5 per \$100 for burglary, and \$7.50 for burglary, theft and larceny,—corresponding to the rates charged for liquors in the United States.

An Increase in Crime

As is well known, the private house burglaries have been much more numerous in Canada during the last eighteen months than ever before; liquor vaults and cellars receiving special attention from the uninvited visitors, especially during the dry periods,—but it is noticeable that since the Orders-in-Council were revoked there have not been so many liquor-steals. The safeguards against burglaries are steadily being increased and improved, but it is noteworthy that the methods of professional burglars for overcoming and frustrating these safeguards have also been improved and added to. By the skilful use of the asceteline torch the experienced burglar can get through the strongest vault made, so long as he is not too quickly interrupted in his work. This and other modern devices may in part account for the much heavier losses and smaller underwriting profits of Canadian burglary insurance companies during the last two years. Notwithstanding the prevalent "wave of crime," it is not generally believed, however, that many old, experienced professionals have yet been operating in Canada; the high reputation of our police, especially of the North-West Mounted Police, and the speed with which our criminal laws are administered, seem to command more than ordinary respect from the so-called "brainy experts" of the United States, and it is to be hoped that they will continue to evince their good taste by remaining away. In preparation for future contingencies, it is suggested by some underwriters that it might be well for the Government to provide for specially trained detachments of police for dealing more effectively with these gentry than can be done by the ordinary civic and municipal or the Provincial police forces, as at present. It is believed that a body of specially equipped officers, giving their whole time to the protection of lives and property, as in some countries, would prove to be a great step in advance.

New Rates of Premiums

At the meeting of the Burglary Underwriters' Association, above referred to, new standard rates were fixed and agreed to by all present, for the various classes of burglary, theft and robbery insurance, as given below. The meeting adopted a co-insurance form for open stock mercantile burglary cover. The Bank Committee of the Association reported the rates decided upon for safe deposit

Incorporated in the Reign of King William IV.
A.D. 1833

British America Assurance Company

FIRE, AUTOMOBILE, MARINE, HAIL,
RIOTS, STRIKES and CIVIL COMMOTIONS

Assets over	-	-	\$4,000,000.00
Losses paid since Organization in 1833 over	-	-	\$50,000,000.00

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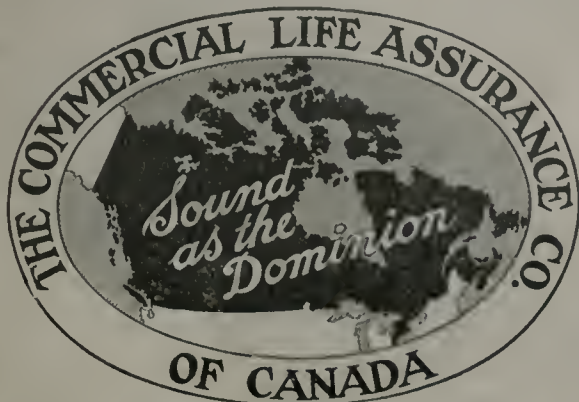
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As an evidence of the soundness of a young company complying with the Dominion Insurance Act, the Assets of The Commercial Life Assurance Company of Canada are

\$304. TO EVERY \$1000. OF LIABILITIES

While the assets of all other Canadian Companies averaged are about \$115, to every \$100 of liabilities.

The rate of interest earned on the mean net ledger assets of The Commercial Life is 9.07%. This is over 1% greater than the average rate of any other life company. The method of computing this average is prescribed by the Department, and is uniform with all companies operating under a Dominion License.



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THE Saskatchewan Farmers' Mutual Fire Insurance Company

SASKATOON - - - SASK.

Saskatchewan's Largest and Strongest
Farmers' Mutual Fire Insurance Company

BUSINESS IN FORCE—

December 31st, 1908	-	\$1,157,905.00
December 31st, 1912	-	\$8,566,274.00
December 31st, 1915	-	\$11,184,170.00
December 31st, 1918	-	\$23,988,972.00
October 31st, 1921	-	\$42,722,932.00

Farm Insurance at Actual Cost

JOHN EVANS,	H. R. EARLE,
PRESIDENT.	VICE-PRESIDENT.
JOHN CAMERON, SECRETARY-MANAGER.	

boxes for individuals, based upon a description of the vault instead of a flat rate hitherto charged. A standard form of policy was adopted for this kind of insurance, and policy forms and rates for banks and trust companies, covering all safe boxes, as lessors, and a third form covering the legal liability only for loss of contents of safe deposit boxes, was adopted. The increase of rates amounts to about 33 1-3 per cent. on the average, compared with the past summer's rates.

On Residence Policies the rate is \$10 per \$1,000 under Section A, and \$5 per \$1,000 under Section B. According to Association rules it is optional whether you take A, but you must take it under B, and to the limit of 50 per cent. of the amount of fire insurance carried on your contents. It is claimed that this insures even-handed justice between the rich and poor—has the same effect as a co-insurance clause. If all the burglary insurance be taken under Section B, the minimum premium rate is \$10; if both A and B are taken, the minimum premium rate is \$15.

Mercantile Open Stock

Mercantile Open Stock Policy covers all classes of manufacturers' and merchants' goods, only during hours when their business places are closed,—purely a burglary policy. All goods usually insured under this policy are classified into five groups, each group carrying a different premium based on the hazard assumed, and varying from \$18 to \$48 for the first \$1,000 insurance. The rates on additional thousands show a considerable decrease, on a sliding scale.

Safe Insurance.—In Ontario the premium rates vary according to the population of the city or town. In Toronto the rate is \$11 per \$1,000 on monies and securities, and \$8.80 per \$1,000 on merchandise.

Hold-Up Insurance is divided into three sections. "Pay-Roll" is sold at \$7.50 per \$1,000, covering the time when money is drawn from the bank until in envelopes it is paid to the employees. "Exterior—Not Exclusively Pay-Roll," is issued at \$7.50 per \$1,000, covering the messenger while outside of the office premises. "Interior Hold-Up" insurance may be had at \$5 per \$1,000 if only one person is on duty. If more than one on duty, \$4 per \$1,000. Drug stores and gasoline stations constitute the only exceptions, the premium rate for these being \$10 per thousand.

Business is reported fairly good at present, with losses proportionately increasing; but, as above stated, the enterprise in Canada is in the early stages of development, and there are bound to be fluctuations in rates. Experience alone will prove whether the above quotations will suffice or can be permanently maintained.

GROWTH OF INLAND TRANSPORTATION BUSINESS

Insurance of Registered Mail, Packages, etc.—Merchandise in Transit Insurance Becoming More Popular

AS YET, the volume of insurance written in Canada under this classification is rather small. Merchandise in transit insurance, however, is growing among manufacturers and merchants, who make considerable shipments, the rates being based upon the form of bills of lading as well as class of goods, length of haul, route of shipment, etc. For these business men may obtain annual policies covering all shipments during the year, and open policies are issued for inland transportation and ocean voyages to practically any destination.

The Registered Mail form of insurance is becoming increasingly popular with banks and trust companies, and bond houses, sending of currency, securities, or valuable papers by mail. No restriction, we believe, is placed upon the value of the package, and the insurance and registration rates combined should be considerably lower than express rates. But the possibility of heavy losses at all times on a train carrying currency and securities of great total value render it of the utmost importance

to insure them only with companies of ample financial resources. Foreign shipments, as well as those within Canada and Newfoundland, can be insured at special rates, and under special conditions. A full declaration of values must be made with each mailing on forms furnished for the purpose by the company, who usually render monthly statements to the insured, and pay all losses. Travelling salesmen's samples may be insured from the time they leave the employers' establishments until they are returned for their full values. Shippers by parcel post, a method that is growing rapidly and becoming increasingly popular, may also be protected, whether the parcels represent merchandise in transit or private packages from the policyholders' homes. Books of coupons are furnished by the insurance company, and all the policyholder has to do is to fill out the stub of the coupon and either enclose the coupon with the package of goods, or mail it with the invoice to the person to whom the package is addressed. These coupons, in denominations of 2½c to 5c, which save a lot of valuable time and trouble, especially when the P. O. is crowded, can be multiplied to obtain any desired amount of insurance, up to, say, \$150. A package insured for \$10 demands a coupon for 2½c, and one insured for \$150 requires coupons totalling 10c, and it is covered in full until its delivery to the one whom it is addressed.

The cost compares favorably with Government charges, although parcels of low value, ranging from \$5 up to \$100, may now be insured at the post offices at the following rates: For all packages not exceeding in value \$5, three cents; over this amount and not exceeding \$25, six cents; from \$25 to \$50, twelve cents; and from \$50 to \$100 in value, thirty cents.

THE YEAR IN EMPLOYERS LIABILITY INSURANCE

Reported as Satisfactory, in spite of Increasing Competition From Workmen's Compensation Boards

EMPLOYERS' liability insurance protects the employers against loss arising from claims on account of accidents to employees during hours of employment. These policies are of course more generally issued to business men than to householders. We believe, however, that under the laws a householder is personally liable for accidental injuries to servants in their employ, consequently those employing servants find it necessary to take out this form of insurance, under which the company pays the expenses of any legal proceedings, and pays all damages awarded by the courts.

The General Accident Assurance Co. of Canada enjoyed a satisfactory year in this department, with premium receipts for the ten months totalling \$50,000, and losses showing a reduction of some \$3,000 compared with 1920.

Provincial Competition

The business of the casualty companies has been adversely and seriously affected during the last few years by the competition of the Workmen's Compensation Boards in the different provinces. The general experience, however, of the Employers' Liability Companies in Canada is that premium receipts derived from artisans employed in factories and foundries were well maintained last year, in comparison with 1920. According to C. W. J. Woodland, the well-known general manager for Canada of the Employers' Liability Assurance Corporation, of London, Eng., the common law right of action for accidents to employees continues to be a source of much litigation and substantial causes in court, so that many-merchants and large employers of labor find it quite necessary to take out "common law liability policies." This class of insurance protection is reported to be growing rapidly, and Mr. Woodland says that, while there was no change in rates last year, they are very low for the service rendered. Compared with 1920, he characterized the year (1921) just closing in public liability and workmen's compensation insurance as fairly good, with a favorable loss ratio for both lines.

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OF CANADA

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Security for Policyholders	-	-	-	-	-	783,206.62
Surplus	-	-	-	-	-	361,777.97

FIRE AND AUTOMOBILE INSURANCE

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A. H. C. CARSON - PRESIDENT

New Developments in Electrical Power

**Long Distance Transmission Has Now Become Practicable—
International Relations As Affecting Power—Dominion and
Provincial Jurisdiction—Broader Market for Power in Future**

By ANDREW T. DRUMMOND

THE newer developments in the electrical transmission of power, under which there is a strong probability that industrial centres five hundred and perhaps even one thousand miles distant from a great waterfall will, with relatively moderate loss in efficiency, be able to utilize the power from this fall, must now convince our governments and industrial leaders that in its numerous power sites, Canada possesses facilities for developing its varied resources which should carry it to the forefront of manufacturing countries. These powers are by no means limited to the two millions and more horse power, it is expected, will be possible on the Canadian side of the St. Lawrence River, when the United States and Canada unite in developing the ocean highway between Montreal and Lake Ontario; and to the probably one million two hundred thousand horse power which is being, or can still be, developed within Canadian waters at Niagara Falls without lessening the scenic beauty of the surroundings. Millions of further horse power are available within our country.

Not every water fall or rapid is adapted for the development of energy. The head obtainable may be sufficient, but the natural conditions of the surrounding land may present a direct barrier, or be such that the cost of the work would not be compensated by the power obtained. The volume of water obtainable may be uncertain during the dry midsummer months, and there may be no facilities for forming reservoirs to hold back the spring floods and heavy rains, and let the surplus waters down, from time to time, to equalize the flow. Steam power derived from coal is the only present competitor of importance, but the existing high prices of coal, the cost of its transportation, and the expense and deterioration consequent on the necessary storage of huge quantities in order to provide for the winter months, all militate against coal, in comparison with the more convenient, clean and instantaneous electric energy, when delivered direct to the factory, or to the municipal distributing station within the city or town.

Power Resources

The United States claims, among nations, to have the largest amount of potential and developed water power, but when the important rivers of Canada falling into the Pacific ocean, the Arctic Sea, Hudson Bay, the North Atlantic ocean, and the Gulf of St. Lawrence have been explored, and their falls and rapids have, in their height, volume and flow, been measured, there is no reason to doubt that the United States must easily yield the place to Canada. Much of the Dominion, in its far northern and north-eastern areas, including Labrador, and the entire country north of the Transcontinental Railway and the Saskatchewan River, is still unknown, except in, what might be termed, unconfirmed outline. Within these extensive limits of probably three thousand miles by twelve hundred miles, there are at least fifty rivers which are in magnitude from two hundred miles in length, onward to that great artery, the Mackenzie River, which, as it expands in its downward course, into a system of large lakes and connecting rivers, covers probably one thousand eight hundred miles. A few of these rivers, especially in Alberta, north of the railways, where, in the shadow of the Rocky Mountains, they, like the Athabasca, take their rise, have been recently surveyed in a general way, and their numerous rapids, and ample, but occasionally fluctuating, water supply taken note of. Others of these rivers are not only unsurveyed, but have been little known, except in a general way, to Hudson Bay, however, pass through coun-

try, the altitude of which above the sea is from 750 ft. to 2,000 ft. and upwards, these altitudes strongly suggesting that, in the reaches of these rivers lower down, power will be available.

Thus—to illustrate generally these northern rivers—where the Transcontinental Railway crosses Ontario and Quebec, and beyond the height of land, from which, among other streams, the following rivers flow northward to Hudson Bay, the altitude above the sea of the Nottaway River is 775 ft.; the Missinaibi, 717 ft.; the Kenogami, 756 ft.; and the Albany, 1,177 ft., and these rivers, whilst having ample volume, are, excepting the Albany, of, relatively, only moderate length. In Alberta, the Athabasca River, where it is crossed by the Grand Trunk Pacific Railway, is 3,311 ft. above the sea, at Lesser Slave Lake it is 1,899 ft., at Athabasca Landing 1,550 ft., and at Fort McMurray, after in the last eighty miles developing about twenty rapids, it is 817 ft. and the Athabasca and its lake expansion form part of the great Mackenzie system.

The Yukon, again, is a large river, taking its rise under other names in Canadian territory, where, at the confluence of the Lewis and Pelly Rivers, it is 2,965 ft. above the sea, and at Dawson City on the main stream, is still 1,200 ft. As another illustration, Wollaston Lake, on the height of land to the westward of Hudson Bay, is 1,300 ft. above the sea, and, apparently, at the source of Seal River, which through perhaps 250 miles, courses its way to that bay. Explorers have from time to time referred to falls and rapids on some of these streams, but excepting possibly, in the case of the Athabasca and Nelson Rivers, on the latter of which it is claimed that three of the rapids will develop over 3,500,000 horse power, the estimates, where any have been made, have been, in perhaps all cases, very roughly formed, and generally from information supplied by other parties, and with no impression of value being attached to them for power purposes. Nevertheless, all the known facts enable us to take it for granted that on these rivers, so many of which flow into the Arctic Sea and Hudson Bay, will be found a huge amount of potential energy, amounting to some millions of horse power, most of which, by reasons of distance and climate, must, for the present, remain undeveloped.

Long Distance Transmission

There is however, a future, and perhaps even an early future, for some of these powers, and long distance transmission will be an important factor in securing this. There are large deposits of iron, copper, coal, and other minerals, not explored in detail, but known to exist, in our north land, the mining of which, and all the chemical and metallurgical industries associated with this mining, will necessarily require inexpensive power. It is also suggestive that with the great cost of transporting coal to the central sections of the Transcontinental Railway in Northern Ontario and Quebec, and the nearness of important water powers there, it is worth investigating whether hydro-electric power would be any advantage. And we might even look further into the future. In this age of wonderful discoveries we must be prepared for the accomplishment of what may, at first sight, seem absolutely beyond the capacity of the human mind to grasp. The hopeful thought may just now rest in the imagination, but if, by some happy discovery, which may yet come, heat on a large scale can economically result from electric power, for use in our homes to replace coal and wood, the vast energy of our northern rivers which are distributed so lavishly over half a continent, may, with its

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Secretary

varied resulting conveniences, ultimately prove to be another providential plan of the Creator which would help to lessen the rigors of the long winter months and make this north land a shade more habitable. Apart from these possibilities, there is the suggestion that industries requiring large amounts of power, like the production of nitrogen from the air, and of wood pulp, where the mills can still be conveniently close to the spruce forests, might also, through long distance transmission, utilize some of these northern powers.

Great Market For Power

Canada, as a manufacturing country, has attained a new status. There is no longer a reason why our governments should regard it as, primarily, an agricultural country, and why it should give encouragement only to the immigrant who will settle on the land. It is quite true that the western prairies as well as our eastern farms need many more men of that class, but our manufacturing industries now produce more value in output than the entire agricultural production of the country. With vast, and in many cases, untouched resources, supplemented by magnificent water powers with which to work them into exportable products, and by ample transportation facilities, we want direct encouragement to be given to men of initiative, enterprise and capital from Great Britain and the United States to co-operate with Canadians in developing these resources. We also want the skilled workmen to man the manufactories that must follow.

To export the raw material, and thus furnish work for scores of thousands of skilled men in other countries, instead of having manufactories to build up our own, has been one of Canada's serious mistakes in the past. Even the hydro power itself at Cedar Rapids on the St. Lawrence, and at Niagara Falls, and on the Rainy River, was permitted by the Dominion to be exported, like a raw material, to the United States, instead of the government compelling the American manufacturers—when such an opportunity presented itself—to locate on the Canadian side of the rivers and make their establishments the centre of busy industrial towns here. Even if the market for their manufactured goods was claimed by Americans to be chiefly in the United States, the much less expensive power, and the otherwise lower average cost of, at that time, producing such goods in this country, would have enabled these manufacturers to, perhaps entirely, pay the American duties, whilst, in addition, they could export from this side more cheaply than through United States ports. Conditions during, and since, the war have become greatly changed here both as to the home and the export trade, and with the large preferences now conceded throughout the empire to Dominion products, there is a clear advantage to United States industrial works to establish branches in Canada. About six hundred of these are already located in, especially, Ontario cities and towns, and more are coming. In the face of this fact, there are still people in our country who have such limited vision and enterprise as to approve of the further export of power to the United States. It will be greatly to our discredit if we fail to take advantage of this special means of building up our own country.

General Electric's Discovery

Two hundred and fifty miles are the extreme distance to which hydro-electric power has been thus far profitably transmitted. The recent discovery at the General Electric Company's laboratories at Schenectady, New York State, that one million volts are possible, will, it is there believed, enable the power current to be sent to distances double, and perhaps quadruple, the present maximum. The effect of this in our prairie provinces, for instance, would be remarkable, wherever the raw material could be laid down at low cost, and a sufficiently large market for the products could be found, and provided cheap coal did not interfere. The possible 104 ft. fall at Grand Rapids, where the Saskatchewan River falls into Lake Winnipeg would have within economical range, in the distribution of its power, such cities and towns as Regina, Saskatoon, Battleford, Prince

Albert and scores of smaller places between Grand Rapids and the United States boundary line, whilst following the lead of Ontario, the advantages of power and light could be within the reach of thousands of farmers for use in farming operations. Similarly, Alberta, down to the United States boundary line, could be reached by the energy of the Athabasca River, should Calgary require, as is probable, for its own use the whole of the Bow River power.

Use on Railways

Electric power, as applied to railways, appears, thus far, to have its limitations. The steam roads which have for some years been experimenting with it on their lines, have confined its use, as a rule, to special work, as in tunnels, on grades through the mountains, and on work at terminals. On the other hand, the electric roads, with a quarter of a century of experience behind them, have only given a limited attention to freight, which on the steam roads is the larger and much more profitable part of the traffic. With few exceptions, both in the United States and Canada, inter-urban electric roads have not proved profitable enterprises. They appear to be best adapted to passenger transport through very populous districts immediately surrounding large cities, or from city to city where these are very close to each other, and where, in each case, a very frequent service can be given with a certainty of large advantage being taken of it.

Hydro-electric power has, during recent years, been of assistance, but nothing can overcome the result to the railway of a limited population. The most attractive problem still to be solved in Canada is whether, with abundant, electrically-transmitted water power, it would be profitable to the railways and assist business, to electrify sections of the older steam roads, where, as in parts of Ontario, they pass through fine, productive districts possessing fair sized cities and towns in proximity to each other, the electric trains to take both freight and passengers. This is quite a different question from the building of new electric roads. The railway has been in operation for probably a half of a century, a large business has been gradually developed, and it is only a case of further advantage being gained by the relatively light added cost of electrifying. From the steam road point of view the proposal is practicable, and, under certain conditions, would appear to be applicable to one or two branch lines of the Grand Trunk Railway in Ontario. The experience gained there would be of value in considering the electrifying of other sections. Should the Dominion Government assume, as it certainly should, its rightful control over all the international and navigable waterways of the country, including in this the whole St. Lawrence system from Lake Superior to the sea, the government railways will have ample opportunities of obtaining the necessary hydro-electric power.

Government Jurisdiction

The clear intention under the Imperial British North America Act of 1867 was that the Dominion should have the control of all international and navigable waters throughout Canada, and of the water powers developed upon them. For reasons difficult to understand, the Canadian Government has hitherto failed to realize the direct bearing upon trade and commerce which these water powers have. Especially has this been the case since transmission to great distances has become effective in helping to cheapen the cost of production among manufacturers, and to greatly expand trade, particularly by inducing manufacturers in the United States and Great Britain to establish branches of their works in this country. Further, at the present time, when new sources of revenue are so important, there could be obtained, without directly taxing the people, a large annual return, amounting to many millions of dollars from a reasonable charge for each horse power developed. The writer has repeatedly brought the subject of the Dominion rights, and the possible revenues from them, before different departments of the government.

What is wanted is a definite policy in regard to all water powers upon international and navigable rivers, under which

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they would be controlled by the Dominion in the interests of navigation, industries, railways and civic and domestic convenience, and would only be leased and at a fair annual rental, payable to the government, for each horse power of possible development. Finding no direct assertion of rights by the Dominion Government, the Ontario Government has actually assumed control of the power at Fort Francis on the Rainy River, at Sault Ste. Marie on the St. Mary's River, and at Niagara Falls, and has made claims to the undeveloped power of the St. Lawrence River below Prescott. It has further endeavored to fortify by acts of its own legislature much of what it has done. All this is of recent date, the first actual development of power under authority from it, materializing only in 1902.

Had the Dominion Government established a National Park at Niagara Falls, as it should have done, and was in-

vited in 1880 by the Ontario Legislature to do, instead of allowing, by its neglect, the Ontario Government in 1885 to undertake the work, simply as a park, and with no thought of water power development, there is no question that we should never have heard of Ontario's rights in water powers. The forthcoming report of the International Waterways Commission on the deepening of the St. Lawrence with a view to an ocean highway, and the action which the United States Congress and our Parliament at Ottawa take in regard to it, must necessarily bring to the front all questions as to Dominion and Provincial rights in both international and navigable waters. The Ontario Government may, however, rest assured that the heavy indebtedness which it has incurred in connection with Niagara Falls developments will, under any circumstances, be carefully guarded in the interest of the bondholders.

Legal Decisions Affecting Life Insurance

Clarke vs. Great West Life Assurance Co.—Case Where a Third Party Paid Premiums—Life Insurance Pledged as Bank Collateral—Case Where Beneficiary Died Before the Assured

ONE of the outstanding legal cases of the year, as affecting life insurance, was that of *Clarke v. Great West Life Assurance Co.* which was an action to enforce payment of two life insurance policies on the life of the husband of the plaintiff. The policy as issued contained the following provisions, forming the basis of the above action, namely:

"(1) If default be made in the payment of the first or any subsequent premiums or any part thereof, or of any note, cheque or other obligation given on account thereof this policy shall be void; (2) should this policy lapse it will be reinstated at any time upon the production of evidence of insurability satisfactory to the company and the payment of all overdue premiums and any other indebtedness to the cent. per annum compounded annually from the date of lapse."

The facts of the case and the judgment of the Court are as follows:—

"This is an action to enforce payment of two life insurance policies on the life of Dr. Clarke, the husband of the plaintiff, who died on December 8, 1918. The defence is that the policies lapsed before the death of the assured, for the non-payment of a quarterly payment on one of the policies and the non-payment of instalments due under promissory notes given for past due premiums, and that no evidence of the insurability of the deceased satisfactory to the defendant was furnished by assured after the lapse of the policies and prior to his death.

"The quarterly premium was due on September 24, 1918, and was for the sum of \$36.85. On September 18, the company wrote the assured calling his attention to the fact that the premium would be due on the 24th of that month, and again on October 10, they wrote him that the days of grace would end on October 24, and on October 23 he sent them a cheque for this amount.

"The other payments, for non-payment of which it is claimed the policy lapsed, were the monthly payments on the notes for past due premiums due on the 16th days of September, October and November. The payment which fell due September 16, not having been paid, the policy lapsed.

An application for reinstatement was sent in on October 28, and the instalments due on the notes on September 16 and October 16 were paid. On November 22 the company accepted evidence of insurability of the assured up to October 28, and forwarded the same to Wright, their agent in Regina.

"The policies became void on September 16, 1918, and, before they could be reinstated, evidence of the insurability

satisfactory to the company would have to be produced and all overdue premiums and other indebtedness paid.

"It was their practice to pass upon evidence of insurability sent into them, and then forward the same to their agent at the place where the insured lived, for him to collect all overdue payments and satisfy himself that assured was still in good health. That was done in this case, and the jury have so found.

"The company contends that it was necessary to inform the insured as to his reinstatement before it takes effect. Upon this point the jury has found that Wright on December 2, 1918, told Miss Williams (Dr. Clarke's bookkeeper) that, if she did not hear from him or the defendant company within three or four days, she could rest assured the policies would be all right. As there was evidence upon which they could make this finding, it, in my opinion, satisfies the above contention.

"I am therefore of the opinion that all arrears on both policies were paid on December 2, 1918, and that on that date the company had accepted evidence of the insurability of Dr. Clarke and reinstated the two policies."

Third Party Paid Premium

Another important action in reference to life insurance arose on the question whether a third party paying premiums of the insured thereby obtained a lien for the amount of the premiums against the policy. Mr. Justice Orde held that such third party did not. He dismissed the claim by the Fidelity Trust Company, of Newark, N. J., and by Mrs. Carrie Louise Lumsden to recover sums totalling something over \$2,000, for premiums paid on policies on the life of Robert H. Fenwick.

Mr. Fenwick, at the age of 45, had a nervous breakdown, and was for the rest of his life, off and on, an inmate of asylums or sanatoria. He divested himself of his property in favour of his wife. His wife paid the premiums on his five policies while she could, and afterwards her sister, with whom she lived, and who spent thousands of dollars to support her, paid them.

"It might seem at first blush," says Justice Orde, "that upon some principle of equity, they should be entitled to repayment. This view when examined, however, will be found to be grounded upon some principle of salvage analogous to that of salvage in maritime law, but it is clear on authority that no such principle is applicable under English law where a mere stranger chooses to keep alive an insurance policy by paying premiums out of his own pocket."

His Lordship quotes Justice Bowen, who says: "The general principle is beyond all question that work and labor done or moneys expended by one man to preserve or benefit

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the property of another, do not, according to English law, create any lien upon the property saved or benefitted. Liabilities are not to be enforced upon their backs any more than you can confer a benefit upon a man against his will."

Policy Held by Creditor

The third case for review here, arose under circumstances in which a life insurance policy had been pledged as collateral security for indebtedness to a Bank and then had been allowed to lapse. The case was decided on the principle that a creditor is liable for the deterioration of the thing pledged and the Banque d' Hochelaga was held liable in damages, by the Quebec Superior Court, because it allowed the lapse of a policy of life insurance that had been transferred to its Quebec branch as collateral security for a certain indebtedness of Joseph Labonte, one of its clients. The full value of the policy was sued for (\$2,000), but the court considered the claim was exaggerated, and ruled that the measure of liability was the redeeming value of the instrument at the time the action was taken.

Labonte transferred the policy to the bank in 1905. The annual premiums (\$69.72) were paid by the bank half-yearly until July, 1914, when, owing to forgetfulness on the part of an official, the premium was left unpaid, and when the policy was returned to Labonte after he had paid off his indebtedness it was found to have lapsed. At the time he was so ill that he could not be reinsured, and he took the present action, alleging that the bank was liable to him for the face value of the policy in good standing, namely, \$2,000. Labonte died during the instance, and his cause was taken up by one Belanger, the curator of his estate.

The bank denied all liability, submitting that it made no undertaking to pay the premiums on the policy, and, though it inadvertently neglected to do so in one instance, which turned out to be fatal to the benefit, nevertheless this omission did not incur legal liability for any loss to Labonte.

Application of Law

Another interesting case was one decided by the Supreme Court of Alberta in which the Confederation Life Association had, on June 3, 1887, issued a policy for \$1,000 on the life of John J. Mellon in favor of himself, and on May 5, 1897, the insured executed a declaration in which he appointed his wife, Amelia Mellon, and daughter, Amelia Elizabeth Mellon, beneficiaries under said policy. His wife predeceased him and the insurance company paid the proceeds of the policy to his daughter, surviving beneficiary.

The Grand Orange Lodge of B. N. A. issued a policy on the life of the said Mellon for \$1,000 payable to himself and the proceeds of such policy were paid into Court pursuant to an order of Justice Scott and the insurer was released from any further liability in respect of same.

At the date of his death Mellon was a resident and domiciled in the province of Alberta. On March 25, 1914, Mellon became insane and died in a sanitarium in Guelph, Ontario, on March 4, 1918.

The Confederation Life policy provided that "In all cases of claims under this policy the law of Ontario shall govern."

Mr. Justice Simmons in his judgment said:

"The law of Ontario in regard to the distribution of the proceeds of insurance policies was modified in 1897 and 1914 and that of Alberta in 1915 and 1916. The Confederation Life Association was incorporated by Acts of the Parliament of Canada and was registered under the provisions of the Alberta Insurance Act. Section 43 of the Alberta Act, 1915, provides that "the money payable under any policy of life insurance already issued or that may hereafter be issued by an insurance corporation that has already become or may hereafter become registered under the provisions of this Act . . . shall in all cases be payable in the province where the assured is or dies domiciled therein notwithstanding anything contained in any policy or the fact that the head office of the insurance corporation is not within the province."

"The operative words of the section 'shall be payable in the province' do not purport to do more than declare the situs of the debt shall be in the province and I think it is reading into the section that which is not contained therein to hold that the law of Alberta should apply in determining the construction of the contract especially when to do

so is to go to the root of the contract and so modify it as to alter the declared intention of the parties when the contract was entered into. To adopt the view that the laws of Alberta would apply in construction of a contract made in another province by a company which is the creation of the Parliament of Canada would raise very grave and far-reaching conclusions on constitutional law which I do not think necessary to be dealt with in my view, that the application of the section under liberal construction does not involve any more than a declaration as to the place of performance of the obligation arising out of the contract.

"I conclude, therefore, that the provision in the contract whereby the parties agreed that the law of Ontario should govern in regard to the distribution of moneys under the policy is applicable.

"It would appear that so far as the declaration in this policy is concerned, the daughter as a surviving preferred beneficiary was entitled to the entire proceeds of the policy.

"The policy in the Grand Orange Lodge of B. N. A. is not available but it seems to be assumed by all the parties to the reference that the contract was made in Ontario and applying the principles above referred to the law of Ontario would govern."

LEGAL DECISIONS ON FIRE INSURANCE

Only Two of Importance During Past Year — London Mutual Fails to Recover Amount Paid to Policyholder

R EPORTS of fire insurance actions decided by Canadian courts during the year have not been numerous, nor very important—two only being worthy of notice herein.

The first is that of London Mutual v. Miller, decided by the Manitoba Court of Appeal, the decision being in substance that where an insurance company comes into court to recover back a claim paid by it after investigation by its agent and adjuster alleging fraudulent representations by the assured, it must establish clearly and specifically the fraudulent acts and conduct which induced it to pay over the money. Contradictions and discrepancies in the accounts given of the fire and of the property insured of the owner, a foreigner does not properly understand English, are not enough to establish fraud where there is apparently no motive and the value of the property destroyed substantially exceeds the amount of the insurance.

The other case was decided on April 1st in Montreal by Justice MacLennan dismissing an action instituted by Adelard Lefebvre against the Compagnie d'Assurance Mont Royal, seeking to compel the defendant to issue to him a fire insurance policy in which the risk insured on the goods and effects in premises at 106 Hadley St. should be placed at \$1,600.

Plaintiff stated that he applied to defendant for a policy of insurance in September, 1919, when the amount of risk was fixed at \$1,600, and an interim receipt covering insurance for this amount was issued to him. On November 29 following he was surprised to receive a policy insuring his effects to the extent of \$1,200 only, this policy being received by him after he had notified the company of a fire which took place on the insured premises. The policy was accompanied by a schedule dividing the \$1,200 between certain classes of plaintiff's effects, a condition and limitation for which he said he never applied. Consequently, he alleged that he was prevented from exercising his proper rights under the insurance.

Defendant pleaded that after the fire it was found that the value of the goods and effects in the plaintiff's premises was not more than \$1,200, and it was then and there agreed between plaintiff and defendant's agent that the interim receipt should be corrected in order to make it concur with the value of the insured goods.

Justice MacLennan, after examining the proof and documents produced, reached the conclusion that the company defendant never agreed or undertook to insure plaintiff for the sum of \$1,600, or to issue him a policy for that amount.

Plaintiff's action, therefore, was dismissed with costs.

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Assets, December 31st, 1920, Exceed	-	-	-	\$37,300,000.00
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STATUTORY CONDITIONS IN FIRE POLICIES

Ontario's Legislation Was Followed by Similar Action in Manitoba, British Columbia, Nova Scotia, Alberta and Saskatchewan

H. G. SHALLCROSS, insurance adjuster, Vancouver, spoke on "Statutory Conditions in Fire Policies" at a meeting of the Vancouver Insurance Institute on November 24. He said in part:—

"Statutory conditions in relation to fire insurance, are of comparatively recent origin. Previous to statutory conditions coming into force the terms of fire insurance policies were a matter entirely of agreement between the insurance companies and the assured.

"In order to protect themselves from fraud, insurance companies gradually increased protective clauses in the policies until the conditions become so onerous that the judges of the courts began to pass strictures on the terms of the contract on given cases coming into court. These strictures, of course, had relation to those losses which the courts regarded as perfectly honest.

First Action in Ontario

"This condition finally led to the interference of the Legislature in the Province of Ontario, and in 1874, the Legislature of Ontario by 38 Vict. Cap. 65, adopted the following legislation:—

"A commission is to be issued by the Lieutenant-Governor addressed to three or more persons holding judicial office in this province, for the purpose of determining what conditions of a fire insurance policy are just and reasonable conditions."

"The commissioners were all judges, some of them subsequently becoming chief justices of the Supreme Court or Court of Appeal. Their recommendations were contained in the following Act, 39 Vict., cap. 24. This act with such amendments as have since been made contains the Statutory conditions now in force in the Province of Ontario.

"The success which attended the adoption of Statutory conditions in Ontario led to similar legislation in Manitoba in 1888; in British Columbia in 1893; in Nova Scotia in 1889; in Alberta and Saskatchewan in 1903.

"The British Columbia Statutory conditions as promulgated to this date are contained in an act entitled: "An Act to Secure Uniform Conditions in Policies of Fire Insurance"—Chap. 37, assented to 29th of March, 1919. These statutory conditions are endorsed on the back of all policies of fire insurance issued in British Columbia. But there are certain explanatory clauses in the preamble of the Act which are not endorsed on the policies. Some of these clauses it is useful to bear in mind and I cite the following:

Misrepresentation

"If any person or persons insures his or their buildings or goods, and causes the same to be described otherwise than as they really are, to the prejudice of the company, or misrepresents or omits to communicate any circumstances which is material to be made known to the company, in order to enable it to judge of the risk it undertakes, such insurance shall be of no force in respect to the property in regard to which the misrepresentation or omission is made."

"Long before it became the practice to embody integrity in a statutory condition, it was a fundamental principle applicable to all contracts of insurance and this principle of law now embodied in condition one of the B. C. Statutes requires that the insured makes a full disclosure of all facts and circumstances within his knowledge material to be made known to the company to enable it to judge of the risk it undertakes. Statutory condition 1, however, is limited in its application 'to the property in regard to which the misrepresentation is made,' but a misrepresentation might affect all the property insured, as for example, where in the application the insured was asked whether an incendiary danger to the property was threatened or apprehended, and untruly answered 'No,' it was held that the policy was void.

"In an action under a policy the defendant insurance

company pleaded that in the application for insurance, plaintiff represented that the property to be insured was mortgaged and the amount of such mortgage was \$900.00, whereas the amount of the mortgage was a greater sum. It was held that the plea was bad for not alleging that the misrepresentation was material.

"In another case, a threat made four months before insurance was effected, that certain persons would burn the store of the insured in a certain contingency (which never occurred and which threat moreover was not shown to have any connection with the fire) it was held not a circumstance material to be made known to the assurer.

Examples of Fraud

Mr. Shallcross then cited two other cases, among which the question to the applicant were: "Have you ever had any property destroyed by fire?" The answerer only admitted one fire, whereas in each case three fires were proved to have occurred, and in both cases, it was held that in accordance with Statutory Condition 1, the assured was precluded from recovery under the policy.

"In another case, the plaintiff, in his application to insure a building, stated that it was owned by himself and another, and worked by them as a mill. At the time, the mill was in the possession of a tenant under a lease for five years, was mortgaged to its full value, and a line of railway had been laid out through the land for which the plaintiff claimed damages, alleging that it destroyed the mill. There being nothing in the policy requiring such matters to be disclosed, it was left to the jury and they found that the non-disclosure was not material. Held that these questions were properly left.

"In another case, a person seeking to effect an insurance gave answers to the following questions:—'Are the premises occupied by owner or tenant?' Ans. 'By tenant, as boarding house.' '(2) 'If occupied by tenant, give name of owner?' Ans. 'The applicant.'

"In fact, the applicant did not own the land, having a lease of it which had only a short time to run, with the right to remove the building, the subject of insurance. It was held that this was such a misrepresentation of the interest of the applicant as rendered the policy void under the first of the statutory conditions in the policy. But material misrepresentation does not need to be fraudulent in order to make void a policy in respect to the property in regard to which the misrepresentation is made.

"In an application for insurance on a building, the applicant gave its estimated cash value as \$900 and obtained an insurance for \$600. At the trial, it was found that the cash value was \$450, but that the plaintiff's estimate was made in good faith and that he had not been guilty of any fraud or misrepresentation. It was, however, held that, under the first statutory condition, it was immaterial whether a representation of any fact material to be known to the insurance company to enable it to judge of the risk, was falsely (that is, untrue to the knowledge of the person making it) or fraudulently made, so long as it was in fact untrue; and that the question of value being such a material fact, the court held that the policy was void.

"In another case, it was held over-valuation was material and that under the First Statutory Condition of the policy it rendered the policy void.

"Whilst misrepresentation only vitiates the contract when material, it is otherwise when made with intent to deceive, and in the latter case no matter how trivial to the risk, such fraudulent misrepresentation voids the policy."

In addition to the above, Mr. Shallcross referred to the preamble to the "Act to Secure Uniform Conditions in Policies of Fire Insurance" chapter 37, assented to 29th of March, 1919, and called attention to the provisions therein made for the way "variations in conditions" should be shown and he also pointed out that the preamble provided that the term "contract" means and includes any contract or agreement, sealed, written or oral, the subject matter of which relates to fire insurance, and that the statutory conditions were deemed to be part of every contract. He also cited various cases dealing with statutory conditions.

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RECORD OF GROWTH



Assurance in Force.

1909	\$2,213,266
1911.....	4,006,145
1913	6,762,506
1915	7,747,835
1917.....	11,507,761
1919.....	20,129,349
1921	over 29,000,000

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A guarantee is printed on each Ordinary Branch policy, that the expenses shall not exceed fifteen per cent. of the income of that Branch. For the year 1920 the actual expense rate in the Ordinary Branch was 13.7 per cent. of the premiums—well within the margin.

BONUSES

“Stone & Cox Tables” says (page 90):—“This company is probably the best bonus-paying life insurance company in the world in the sense that its dividends are quite exceptional. These dividends are due, amongst other things, to the most rigid economy.” Bonuses are declared annually. For 1920 they ranged as high as \$30.00 per \$1,000.00.

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AUTOMOBILE INSURANCE EXPERIENCE IN 1921

Volume of Business Fell Off, While Losses Were Abnormally Heavy During Past Year

THIS form of insurance is usually grouped under these headings: Liability, Property Damage, Collision, Fire, Theft, Hail, Tornado, etc., and Accidental and External Discharge or Leakage of Water; but the greatest risks to the automobile owner are personal liability and theft. The operation of an automobile involves an ever-present legal, as well as moral, responsibility; the owner is liable not only if he personally kills or injures other persons or damages property, but he may be liable for the acts or negligence of any person driving his car, and serious accidents are often caused by the mistakes or carelessness of other drivers than his own, or himself, when driving his own car. Owners can insure themselves against practically every risk of owning or operating motor cars, for the companies are numerous and the competition for business excessively keen. Policies are varied, as in other kinds of insurance, covering all losses arising from collision, thefts of cars, property damages, fire from any cause, exploding or lightning, sinking or derailment while in transit by water or rail. Special forms of policies are issued for motor cars and trucks in the hands of auto dealers. Similar policies are issued for the insurance of motorcycles.

1921 Business

There are two great outstanding facts regarding the business of 1921: First, that many companies show a falling off in the increased volume of business compared with 1920, owing to the world-wide depression in trade, and, second, that losses have in most cases been abnormally heavy, arising chiefly from theft, and also from fire. This branch of the business is somewhat modern, hence the moral hazard is proverbially low; the companies deplore the inconsistency of competition, which is largely responsible for the generally unfavorable experience. J. H. King, secretary of the Canadian Automobile Underwriters' Association, states that the great number of thefts this year were due not only to the bad moral hazard, but to the bad moral conditions of the communities as well. The purchase of cars through the aid of finance corporations made it possible for numerous parties to secure cars, when financially speaking they should never have had cars. Fire losses, Mr. King said, were more directly attributable to post-war conditions, especially the need of money, which, together with competition, caused a great reduction in prices, which fell to considerably below the amounts of insurance, thus providing a temptation to owners to become careless and indifferent regarding their machines. In fact, evidence has not been lacking in Western Ontario and in Eastern Canada, it is reported, that owners were to some extent accomplices in the destruction of cars. While for lack of statements the comparative figure for 1920 and 1921 cannot be given, the feeling is that the increase in total volume of business will not be as large as last year. A fair idea of the situation may be gleaned from the following brief reports of the automobile department of their businesses by several of the larger well-known companies with offices in Toronto:

C. A. Withers, general manager of the Dominion of Canada Guarantee & Accident Co., reported that for ten months of this year their automobile business showed an increase of about 12 per cent, with a loss ratio much more favorable than in 1920.

E. Willans, general manager, Imperial Guarantee & Accident Co., reported a large increase of business, with about the same percentage of liability claims for accidents as last year, but the claims for fire and theft, especially theft, showed a considerable higher percentage.

W. A. Barrington, assistant manager, the General Accident Assurance Co. of Canada, characterized the first

ten months of 1921 of the company's entire business as quite fair. "In our casualty lines we have increased our premium receipts over the amount for ten months of 1920 by \$100,000. No doubt, like all other companies, we have felt the influence of the depression in general business conditions, but by putting forth extra efforts we have been able to make about the usual progress, and have not retrograded. Of course our total losses show an increase, including automobile, fires and theft, over last year, of \$89,000, but our total receipts for casualty premiums foot up an increase of about \$100,000." We are indebted to J. S. Lowther of this leading Canadian Accident Company, for a complete table of premiums and losses for the ten months ending on October 31st last, compared with the like period of 1920. The total of premiums received for casualty insurance in that period was \$583,651.11 (chiefly for accident and health guarantee and the different kinds of auto insurance), against \$483,779.34 in 1920, while the ten months' losses footed up \$261,299.94 in 1921, against \$172,014.89 in 1920.

The London and Lancashire Guarantee & Accident Co. of Canada, through Alex MacLean, manager and secretary, reports that "premiums have been fairly well maintained during the past ten months to 1st November, 1921, and show a fair increase as compared with 1920; and the total of losses for the same period show a considerable reduction, owing, probably, to the absence of the epidemics which the casualty companies had to face during the previous two winters. If the business continues normal till the end of the year we will have every reason to be satisfied with the results for 1921. Prospects for another fairly good year seem very satisfactory."

Alfred Wright, president of this company, whose remarks on the general business of the company are given elsewhere, stated that the losses from automobile thefts and destruction had been far too high. More care should be given to the moral hazard and to the handling of this class of risks generally."

The unusually heavy losses last year, due so largely to theft of and damages to cars, was something that could not be foreseen, and the companies as a whole will consider themselves lucky if they find, after the year closed on December 31st, that the average total of premium receipts equalled those for 1920. The lack of complete uniformity of action in valuing risks and issuing policies is deplored by the larger, more responsible companies, some of whom purposely caused a material reduction in their premium incomes rather than take the chances on some classes of risks offered. Accordingly, the sum of their claims for last year show a favorable loss ratio. The local manager of a couple of prominent British companies expressed his strong conviction that legislation should be secured to make the safe insurance of cars compulsory—in the interests of the general public.

DULL YEAR IN EXPLOSION INSURANCE

THIS is a comparatively new department of insurance in Canada. There are two forms of explosion policies written, one covering losses from explosion of natural gas and the other kinds, such as bombs, etc., resulting in the loss of buildings, machinery and stock; the other affording protection against the loss of profits caused by the destruction of buildings or stoppage of machinery. This last named coverage is known as "Use and Occupancy" Insurance. Explosions caused by the bursting of boilers and flywheels do not come under this department, but are separate and distinct, under the head of "Steam Boiler Insurance."

The demand for "Explosion Insurance" was actuated by the late war, and since its close has been slowly but steadily increasing. There are not many companies engaged in this branch as yet, and although the total volume was necessarily small, owing to the absence of "strikes, riots and civil commotions," such as the notable strike and revolution in Winnipeg in 1919, business for 1921 is reported to have been fairly good, with a favorable loss ratio.

INCORPORATED 1859

National Liberty Insurance Company of America.

HEAD OFFICE:

709-717 Sixth Ave. - New York

Charles H. Coates - President

Capital Paid Up	\$1,000,000.00
Total Assets ..	12,071,029.44
Net Surplus	3,505,957.42
Surplus to Policyholders	4,505,957.42
Losses paid since organization...	49,594,688.09

Canadian Department:

130 SPARKS STREET - OTTAWA
E. H. HORNBOSTEL - Manager

Reinsurance

STERLING

OFFICES LIMITED
INCORPORATING
A. F. PEARSON & COY.
ESTABLISHED 1877

Reinsurance Brokers

25 Birchin Lane - London, E.C. 3

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Directors:

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OFFICES:

LONDON—(Head Office) - 25, Birchin Lane, E.C. 3

LIVERPOOL - - - - 15 Sweeting St.

NEW YORK - - - - 27 William St.

Cable Address—"Osterlinga, London"

Mount Royal Assurance Company

Surplus Reserve - - -	\$1,416,740.57
Total Funds - - -	\$1,708,120.67
Total Annual Income -	\$1,100,284.35
Total Losses Paid - -	\$3,180,308.63

Head Office : 17 St. John Street
MONTREAL

Toronto Office : 84 King Street East

P. J. Perrin, General Manager.
H. C. Bourne, Supt. Western Dept.
H. H. York, Inspector for Ontario.

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Applications for Agencies in Unrepresented Districts Invited.

The Provident Assurance Company

FIRE and CASUALTY

Applications for Agencies are Invited.

HEAD OFFICE:

CANADA LIFE BUILDING
189 St. James St. - Montreal

ONTARIO OFFICE:

C.P.R. BUILDING, TORONTO
A. M. Alletter - Provincial Manager

ACCIDENT AND HEALTH INSURANCE

Experience of the Companies Doing Business in Canada Varied in 1921

IT MAY not be particularly known that accident and health insurance are now written in the same contract in Canada. After the larger companies of the United States had for many years vainly endeavored to secure this desideratum for both countries, the Canadian Managers' Association succeeded in agreeing upon a standard contract for Canada—much to the surprise of the U. S. companies—and which, we are informed, has come to stay. The new contract form applies only to the new business written since its adoption, not to renewals, and one or two companies, taking exception to this feature, have not yet signed the agreement. This objection has been answered, however, and it is believed will soon be overcome, just as the increase of rate for sickness insurance, inaugurated by the London and Guarantee Insurance Co. in January, 1920, as a remedial measure, has since been followed by the majority of competing companies.

By sickness insurance is meant, that for a premium of \$9.00 a year a policy holder will be paid the sum of \$5.00 a week or the equivalent—viz., for \$45.00 a year he will be paid \$25.00 a week during sickness. No medical examination is required, the company relying solely upon the doctor's certificate, at the same time paying all hospital and doctor's fees. The time limit is fifty-two weeks.

Amounts of Coverage

Policies may be had in various amounts, and providing lump sum payments for specific injuries or loss of members of the body by accident; the amounts of such payments is often controlled by the principal sum of the policy and the size of the premium. Some companies offer double payments of principal lump sums and weekly indemnities, in case of injuries as a result of railroad, steamship, trolley, elevator or other kind of accident; also for accidental death. Some policies may contain accumulative features, increasing from year to year in benefits of 50 per cent. more than the original principal sum specified in case of accidental death, with no increase of cost to the insured. These policies are issued for sums of from \$1,000 up to \$50,000. While it is true of all kinds of insurance, that the reputation of the company for prompt settlement is usually as important as the provisions of the policy, this is particularly true of accident and health insurance.

Ability to work is the average man's largest asset, and everyone who has dependents should protect himself from financial loss due to accidental death, injury or illness. No policy is issued providing for a weekly indemnity greater than the weekly income of the person insured. When the insured is accidentally killed payments are made to the beneficiary named by the insured; the beneficiary may be either a member of the insured's family, or a business associate, partner or member of a company, etc. The latter form of protection is becoming very popular, where the disability of one member of a partnership or firm might prove a serious handicap.

Experience in 1921

The Dominion Guarantee & Accident Insurance Co. state that their accident and sickness business has increased during 1921, while the claims for the same department foot up a smaller total than in 1920. H. A. Laurence, Ontario manager for the Travelers' Insurance Co., of Hartford, reports their business in this department as showing a good increase during 1921, but the total volume for the ten months was not as great as in the previous year. Mr. Laurence, however, expected to make don Guarantee & Accident Insurance Co. report an up the deficiency before the 31st of December. The London-increased volume of accident and sickness insurance, as

compared with 1920, with losses heavier, so far as known, than in the previous year.

The year for "Personal Accident and Sickness" insurance was generally satisfactory, so far as the continued demand for it is concerned, the premiums showing an increase with some large companies as compared with 1920, but the losses were generally heavy, although varying; some companies experienced a larger volume of business, with losses smaller than in 1920 in sickness insurance than others, while the reverse was true in the accident branch. The Employers' Liability Corporation report their sickness claims becoming heavier every year. The General Accident Assurance Co. of Canada reported a small increase of premiums for 1921 against those for 1920, and a fair reduction in the total of claims compared with 1920.

STEAM BOILER INSURANCE REDUCED

New Business in 1921 Was Lower Than in the Preceding Year—Importance of Inspection Work

IN THIS department of insurance, business on the whole seems to have considerably increased during the year, as it is found to be more and more necessary. The loss ratio was favorable, but it must be remembered that this is at least important feature of the business. Actual losses are never large, only about 8 per cent. being contemplated, when regular inspection is faithfully made. It is the service maintenance and cost of inspection that is the bugbear, as for every single one explosion among boilers, regularly and properly inspected, there are eighteen explosions on the average among those not inspected. Altogether the year closed fairly satisfactory to most of the companies writing this class of protection.

"Boiler Insurance" contracts practically cover a three years' business, so that a yearly comparison of results cannot be made, and is out of the question for this review.

The General Accident Assurance Company of Canada write Boiler Insurance policies, and report a falling off in business for the ten months of 1921, with claims much heavier than last year. The figures for premiums are: 1921—\$35,014.69, against \$43,359.70 for 1920; and claims totalled \$7,799.31 and \$1,053.75, respectively.

GOOD VOLUME OF PLATE GLASS INSURANCE

Business is Reported Higher, With Tendency Towards More Moderate Losses

THIS form of indemnity guarantees to policyholders the replacement of glass broken through accidental causes beyond the insured's control. The rates are based on the size of the glass, and are considerably lower when the glass is above the first floor. The company usually pays the loss in cash, or replaces the glass without cost to the insured.

The Dominion of Canada Guarantee & Accident Co. report a thirty per cent. increase in the volume of their plate glass business for the ten months ending the 31st of October last, as compared with the like period last year, and their loss ratio is said to be much more favorable than in 1920. Notwithstanding that these figures are favorable, this large company acknowledges that the general business depression has materially affected the year's total results, especially in the West, where they have so far managed to hold their own.

The Imperial Guarantee & Accident Co., Toronto, report a small increase in the volume of business and premium receipts for this department of their business, as compared with the first ten months of 1920, while the claims this year are reported to be a little less in volume than last year.

The London Guarantee & Accident Insurance Co. report a fair demand for plate glass insurance during the year, with losses about the same as in the previous year, and premiums showed a fair increase for the ten months, as compared with 1920.

The Wawanesa Mutual Insurance Company

Head Office - WAWANESA, MAN.

Owned and Operated by the Farmers in Manitoba, Saskatchewan, Alberta and British Columbia for their Mutual Benefit.

Progress Since Organization,—

Year	Insurance in Force	Losses paid since
1897.....	366,816.00	Organization .....\$1,480,000.00
1900	4,419,459.00	Assets over 1,900,000.00
1905	14,542,525.00	Cash Surplus over 300,000.00
1910.....	27,869,677.00	Policies in Force 42,300
1915.....	48,075,289.00	
1920	93,139,456.00	
1921, Dec. 1st, over	98,500,000.00	

The Largest and Strongest Farmers' Mutual Fire Insurance Company in Canada, insuring Farm Property only.

Agents in all Localities.

This Company has no connection with The Western Canada Mutual Fire Insurance Association, or any other combination of Mutual Companies.

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A. F. KEMPTON,
Secretary-Treasurer.

E. H. DEWART,
Vice-President.

Chas. S. Blackwell,
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The Art of Glassmaking was discovered by the Egyptians

In its many and varied forms this wonderful substance ranks with the most beautiful and useful of all inventions. Yet there is probably no other article of commerce in equal demand and of approximate value which is subject to so many risks.

IT IS INDISPENSABLE IT IS COSTLY
IT WILL BREAK

The Casualty Company of Canada

Head Office - - - Toronto.

Insures Plate Glass of every description
Against Accidental Breakage

The Independent Order of Foresters

Organized 1874

Total Benefits

Paid to Members and their Beneficiaries

\$74,000,000.00

STANDARD POLICY—OLD AGE AND
DISABILITY FEATURES

LIFE—20 PAYMENT

LIFE—20 PAYMENT WITH DISABILITY

OLD AGE CERTIFICATE—100% DISABIL-
ITY and 100% OLD AGE BENTFIT.

Policies Issued from \$1,000 to \$5,000

GEO. E. BAILEY;
Secretary.

W. H. HUNTER,
President

G. R. COTTRELL,
Treasurer.

LIGHTER YEAR IN TORNADO INSURANCE

Both Premium Income and Losses Are Reported as Decreased in Comparison With 1920

TORNADO Insurance gives policyholders full protection from cyclones and tornadoes, and any damage caused by wind. A wind storm may not assume the force of a tornado or cyclone, yet it unroofs houses, tips over barns and other out-buildings, and often does great damage to stores and warehouses, churches and other public buildings, and contents. Few countries are absolutely immune from the tornadoes, and the property damages reach an enormous total every year, especially in the United States. During 1913, in a period of only two weeks, the damages from tornadoes stretching from Nebraska and Ohio to Texas and Georgia, amounted to \$20,000,000. The rates for this form of insurance naturally vary, according to localities, but are reported quite moderate, considering the protection afforded from such devastating storms.

A couple of years ago, about the 1st of December, 1919, Ontario was visited by a most severe wind storm, and the damage resulting was quite general throughout the province. One of the leading insurance companies in Canada received over 1,600 claims, amounting to nearly \$75,000, for damages from this one storm; and the drain upon the finances of some mutual fire companies was reported to be so serious as to even threaten their continuance in business. Consequently the losses paid in 1920 proved to be the heaviest experienced for several years,—but 1920 was also a good year for premium receipts,—the demand from farmers (to whom this class of insurance specially appeals) for coverage having naturally increased very largely. One agent's premium income for that year totalled nearly \$75,000. The good crops and higher prices also helped to promote business in this line. During 1921 Tornado Insurance continued quite active under a growing demand from the farmers and others, and the losses were smaller in the aggregate than for 1920. The premium income was also smaller than in the previous year.

SPRINKLER LEAKAGE BUSINESS QUIET

Volume of New Business Less Than in 1920, and Some Companies Have Advanced Their Rates

SPRINKLER systems afford one of the best known methods of fire protection, and helps the policyholder by securing him a reduction in the insurance rate; hence a larger number of property owners each year instal sprinkler plants. It must be remembered, however, that with the best of sprinkler systems, there is always danger of damage from accidental leakage; a very small break may cause a deal of damage to valuable stocks of goods, and enormous losses have been caused by the falling of water tanks. Hence, the necessity for all property-owners who instal this system to protect themselves against such possible loss by insurance. It is also worth remembering that the owners of buildings equipped with sprinkler systems are liable for any damage to the property of tenants caused thereby. In addition to the protection afforded by his policy, the holder in the case of large companies, is entitled to the services of sprinkler experts, who regularly inspect risks and give policyholders advice in preventing accidents and making any changes of equipment which may permit a reduction of the insurance rates.

Often more than not this form of contract is written for three years, and when contracts expire and new systems are being installed, of course there is more business written in that year. This was the experience during 1920, but during last year the demand fell off, consequently business ruled quiet and the premium income for 1921 shows a reduction. Notwithstanding that competition has been quite keen, one or two companies with offices in Toronto report that they have been obliged to advance their rates.

LIFE BUSINESS WAS WELL MAINTAINED

Prince Edward Island Underwriter Points Out That Past Year Was Above Normal—Previous Years Were Boom Period

IN a statement to The Monetary Times, J. K. Ross, provincial manager of the North American Life Assurance Co. for Prince Edward Island, and president of the Life Underwriters' Association there, says:—

"Life insurance in Prince Edward Island for 1921 has been above normal. Certainly we have felt the results of low prices for farmers' produce and the uncertainties of the long drawn out election campaign, but the volume of new business will show an increase over last year, according to the reports from our leading companies here. It is quite true that 1918 and 1919 were boom years in life insurance owing to the general prosperity and high wages.

More Selling Effort Required

"It takes more effort to sell insurance this year and better salesmanship is required. The business of 1921 will consist of larger policies and premiums will be more permanent as the better-off class of people have recognized the need of life insurance as the best medium for increasing their estates and protecting their invested capital.

"The life insurance companies have merited the confidence of the public by their prompt and full settlement of all war and flu claims. They have stood the acid test of paying enormously increased claims.

"The companies are now devoting their attention to liberating their contracts and are prepared to meet the needs of the insuring public by their new plans of insurance, such as monthly income policy, deferred annuities, group insurance, etc.

TRAVELLERS' MUTUAL BENEFIT SOCIETY

The members of the Dominion Travellers' Mutual Benefit Society, at their meeting in Montreal on Dec. 3, under the chairmanship of S. S. Woodward, the retiring president, elected by acclamation the officers for the ensuing term as follows: President, Wm. Blanchard; vice-president, J. B. Cullens; treasurer, F. S. Cote (re-elected).

As trustees for a period of two years, the following five members were elected by acclamation: John G. Watson, Chas. Roberts, J. P. Berthiaume, Wm. J. Joyce and R. E. Matthews. These, together with W. N. Ahern, J. A. Quesnel, J. Emile Gratton, E. E. Goodenough and Leslie J. Paterson, who were elected last year, will constitute the board of management for the year 1922.

Charles Roberts gave notice of a motion to be dealt with at the annual meeting of members to be held on January 14th next. The object of the motion, as presented, is to enable members of class "A," who are over fifty years of age, to transfer to class "B" and thereby secure the maximum amount of protection provided for in the by-laws. The motion also provides for the payment of adequate rates by all members desirous of transferring to class "B."

The retiring president, Mr. S. S. Woodward, dealt with the numerical and financial strength of the society and also made reference to the large number of applications for membership now being secured by the secretary, J. F. Garrett. He stated that the rates now in force were moderate, equitable and safe and appealed to every member to help in the campaign for new members.

CANADIAN LIFE OFFICERS ASSOCIATION

At the annual meeting of the Canadian Life Officers Association held in Toronto, November 18th, the following officers were elected for the year:

J. F. Weston, Imperial Life—President.

Arthur Wood, Sun Life—Vice-President.

D. E. Kilgour, North American Life—Vice-President.

T. A. Dark, Excelsior Life—Hon. Secretary.

It was decided at the meeting to open a permanent office of the Life Officers Association in Toronto.



EXCELSIOR

LIFE INSURANCE COMPANY

A Strong Canadian Company

ESTABLISHED 1889

One of the few Companies that wrote as much business in 1921 as in 1920

POLICIES ISSUED WITH OR WITHOUT MEDICAL EXAMINATION

Insurance in Force, \$47,000,000.00

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TORONTO, CANADA

The unknown needs of the future

The man of vision can appreciate the value of a life insurance policy that may be adapted to meet a change in his requirements.

London Life "Canadian" Series Policies contain an Interchange Privilege which permits of such a change of plan by means of a simple adjustment of the premium.



Phone our Local Agency, or write direct to

The London Life Insurance Company

HEAD OFFICE,

LONDON, CANADA

Uniform Life Insurance Law In Canada

How the Act Just Adopted by Commissioners on Uniformity of Law Was Framed—No One Province Taken As Pattern for Legislation—An Analysis of the Model Life Insurance Act

BY H. J. SIMS, K.C., OF SIMS, BRAY & McINTOSH,
WATERLOO, ONT.

(An address delivered at a meeting of the Provincial Superintendents of Insurance, Quebec, October 6, 1921.)

AT your last meeting held a year ago in Winnipeg, you kindly listened to an address which I delivered on the subject of "Legislation Respecting Life Insurance Beneficiaries." In that address my purpose was to point out the differences existing in the various provincial statutes relating to beneficiaries and to accentuate the wisdom of uniform legislation throughout the Dominion, not only in respect to beneficiaries, but generally on the whole subject of life insurance contracts.

I am very pleased to state that since your last meeting very substantial progress has been made along the lines of uniformity. The trail is being blazed by the Insurance Department of the Province of Ontario. During the course of revision of The Ontario Insurance Act, it was suggested that a Model Act should be prepared respecting Life Insurance Contracts which might be adopted not only by Ontario, but by all of the other provinces as well. This met with the hearty approval of the Attorney-General for Ontario as well as the Superintendent of Insurance for that province.

Drafting Model Act

Knowing how keenly I was interested in the subject of uniformity, it was arranged between the Ontario Superintendent and the Canadian Life Insurance Officers' Association that the task of drafting a Model Act should be delegated to me. I undertook the work cheerfully, believing that if conscientiously done, it would at least merit further consideration and careful study.

I was ably assisted in the preparation of the Act by the Superintendent as well as by a special committee of the Canadian Life Insurance Officers' Association. Representatives appointed by the Association of Canadian Fraternal Societies also assisted in the work. The solicitor for the Association of American Insurance Presidents collaborated as well. Useful suggestions were also made by Dr. F. Sanderson, F.I.A., F.A.S., retained as a consulting actuary by the Ontario Government, and by A. M. Dymond, K.C., Law Clerk to the Legislative Assembly of the Province of Ontario. Members of the Ontario Judiciary also made valuable recommendations. Furthermore during the progress of the work suggestions were asked for from all of the Life Insurance Companies doing business in Canada. These were given freely and many of them were adopted. Suffice it to say that the Model Act was given careful and mature thought before it was finally drafted for submission to the Commissioners on Uniformity of Legislation in Canada.

Time for Consideration

The Commissioners apparently were of the opinion that the subject of Uniform Life Insurance Laws throughout Canada was of such consequence that it would be expedient to set aside a whole day for the consideration of the Model Act at their conference held in the city of Ottawa last month. A most illuminating and instructive discussion of the various sections of the Act took place and the Commissioners commented most favorably on the thorough manner in which the work was prepared and placed before them. The Act was referred to the Commissioners from Ontario for further consideration and report to the next conference of the Commissioners to be held a year hence. This is the course pursued in all cases where draft Acts are submitted to the Commissioners for

the first time. The wisdom of this course is self-evident. Every possible opportunity should be given for a thorough consideration of a proposed Model Act and in the opinion of the Commissioners at least a year should be allowed for that purpose. Ill digested legislation invariably leads to doubt and confusion, and frequently to litigation. Amendments are found to be necessary and soon the statutes are cluttered with a jumble of Acts, embarrassing to the layman and interesting to the lawyer.

It may be pointed out that the Commissioners are appointed under the authority of the statutes of the various provinces. Their duty is to aid and assist the local governments in co-ordinating the laws of the provinces where uniformity is desirable. It is not their function or duty to initiate new laws. That is the prerogative of the people through their representatives in the legislatures. It is, however, reasonable to believe that any legislation recommended by the Commissioners would be adopted by the various local governments.

A Question of Contracts Only

You will no doubt expect me to make some reference to the contents of the Model Act. In the first place I wish you would bear in mind that the Act only deals with contracts of life insurance and the rights and status of persons to whom insurance moneys are payable. The Act does not in any way relate to the incorporation, licensing and regulation of insurance companies.

In the second place you will find on examination that the Insurance Act of no one province has been slavishly followed in the preparation of the Model Act. The same fundamental principles run through all of the Provincial Acts. These have been followed and form the major part of the new Act. There are some excellent features in all of the present Insurance Acts. They, too, have been adopted. There are a few sections which cannot be found in any of the provincial statutes. It is believed their inclusion is justified owing to the methods, practices and usages prevailing today in the business of life insurance. Those sections which appear most frequently in the various Insurance Acts, have, as a rule, been incorporated in the Model Act so as to cause the least possible amendment to the law not generally prevailing.

Again, an effort has been made to arrange the contents under proper headings and with suitable marginal notes so that anyone interested in the subject can readily and quickly follow it. This can hardly be said of any of the present Insurance Acts.

It may not be amiss to briefly refer to the subject matter of the Act and in doing so I shall only refer to the sections as they are grouped under their respective headings.

Codification

It was deemed advisable to codify some of the general principles relating to life insurance law and this is done in 12 sections under the heading of General Provisions. The advantages of codification are patent and it is needless to enlarge on them. In Quebec a considerable part of the law has already been codified. It is to be found mainly in the Civil Code. The articles are clear and concise and most of them have been introduced into the Model Act.

What Law Governs?

The question of "What Law Governs?" has been a bugbear, particularly in respect to beneficiaries. There have

A Business Man

in acknowledging settlement of his recently matured policy said:

"I wish to thank your Company for the very kind treatment accorded me during the term of my policy, and I am highly pleased with the results. I can assure you I am glad I am still quite a large policyholder in the Great-West Life. I deem it the most progressive Canadian Life Insurance Company on account of the liberal policy conditions, and its funds being invested in Western Farm Mortgages and Bonds, places it in the position to pay profits to its policyholders unequalled by any other Company."

There are scores of similar letters contained in the booklet, "What Others Say." Ask for a copy.

Our motto: "Service to Policyholders"

The Great West Life Assurance Company

DEPT. "E."

Head Office

Winnipeg

THE Canada National Fire Insurance Company

HEAD OFFICE

WINNIPEG, CANADA

Authorized Capital\$3,000,000

Subscribed Capital\$2,050,400

Paid-in-Capital\$1,849,736

Assets\$2,702,853

Surplus to Policyholders, \$2,193,151.

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A CANADIAN COMPANY INVESTING ITS FUNDS IN CANADA

been conflicting decisions and we concluded to clear up the situation by legislation. In doing so we have closely followed the sections in the Nova Scotia and New Brunswick Acts dealing with the question.

The Statute law relating to Insurance Interest has not been satisfactory in a number of the provinces, particularly in Ontario and Saskatchewan. There is no legislation in Manitoba dealing with the subject. The law in Quebec and Alberta commended itself to us and we have in substance followed their sections together with Sec. 1 of The Gambling Act, 14 Geo. III., Chap. 14, which is to be found in the British Columbia Act.

Secs. 21 to 24 inclusive, deal with days of grace, incontestability, terms and conditions of the contract and misstatement of age. These subjects have been dealt with for many years by most of the provinces with the exception of the question of incontestability. Similar provisions are to be found in the Dominion Act.

The Provincial laws respecting insurance vary considerably and Quebec and the Maritime Provinces only deal with industrial insurance. Manitoba has no legislation on the subject at all. It was concluded to follow the principle laid down in the law of British Columbia by giving a minor over the age of 15 full power to effect a contract of insurance on his life and to deal with it as effectually as an adult. You will remember that in Ontario, Saskatchewan and Alberta an infant over 15 is only permitted to insure his life in favor of a certain class. In British Columbia the age limit is 16. Many are of the opinion that the limit should be 16 instead of 15. Some of the features of the new Massachusetts Insurance Act respecting infant insurance have been adopted.

Industrial insurance is dealt with in Sec. 26. A slightly increased scale has been provided for and the condition that a child under one year of age cannot be insured has been done away with.

Beneficiaries

The important branch of the law dealing with beneficiaries is covered by Secs. 28 to 41 inclusive. A great deal of diversity exists at present in local legislation and it is the consensus of opinion that in any event the various Provincial Statutes should be co-ordinated and made uniform on this subject. In doing so, it had been considered advisable to divide beneficiaries into three classes, namely, Preferred, Ordinary and For Value. This division is now recognized and followed in practice by all the life companies. The idea of the creation of a trust in favor of members of the preferred class free from the claims of the creditors of the insured, so long extant in the insurance law of Canada, has been preserved.

The Insurance Acts of Ontario, Saskatchewan, Alberta, Nova Scotia and Prince Edward Island, provide that the preferred class shall consist of wife, husband, mother, children and grandchildren. In Quebec the class consists in the case of a man, of his wife, his children and his wife's children. In the case of a woman it consists of her children. In Manitoba the class is confined to husband, wife, children and step-children. In British Columbia the members are husband, wife and children of the insured. In New Brunswick the class is the same as the other Maritime Provinces, but also includes the father and brothers and sisters of the insured. In the Model Act it was concluded to have the class consist of the wife, husband, mother, children and grandchildren, the same as in the five provinces above named. It has been suggested that the father should also be included. The new Act also includes adopted children.

Appointment by Declaration

In the appointment of a beneficiary by way of declaration, the law of the provinces of Ontario, Saskatchewan, Alberta and Prince Edward Island has been followed, which provides that the appointment may be made by any instrument in writing, including a will, in any way identifying the contract or describing the subject of it as the insurance fund, policy or policies of the insured or using language of like import in describing it. In the other provinces a declaration is not effective unless it identifies

the policy by number or otherwise. It has been thought that it appears from the words used by the insurer in the declaration that he desires to change the beneficiary, and the subject matter is reasonably well identified, effect should be given to his wish, the intention of the insured being the main consideration. The new Act also provides that a declaration shall include an assignment unless stated therein to be for valuable consideration.

The law of Alberta has been closely followed in the case of the disposition of insurance moneys on the death of preferred beneficiaries.

Benefits Under Policies

Secs. 42 to 46 inclusive, deal with benefits under policies and give the insured power to convert into a paid-up policy, to borrow on the policy, to meet premiums, to direct the application of surplus and to surrender with the consent of the beneficiaries. These provisions have been in all of the Provincial Statutes for years. Secs. 45 and 46 are new and deal with the commutation of instalment policies and the holding of insurance moneys by a Company in trust for beneficiaries, after the maturity of the contract.

In the Insurance Acts of the Maritime Provinces it is provided that insurance moneys are payable at the expiration of thirty days after proofs of claim have been furnished. This provision is being adopted in the new Act. It is also proposed to limit the right of action to one year after the cause of action arose or to six years after the maturity of the contract, whichever period first expires. The procedure in obtaining an order as to presumption of death is taken from the Ontario and Saskatchewan Statutes. These subjects are dealt with in Secs. 47 and 48. There have been conflicting decisions as to the presumption of death in cases where several perish in the same disaster. This question is covered by Sec. 49.

Proofs of claim are dealt with by Sec. 50. In order not to subject claimants to unreasonable requirements in respect to proofs of claim it has been deemed advisable to provide that a declaration may be obtained from the Court as to the sufficiency of the proofs, analogous to the practice in obtaining an order as to presumption of death. This affords an inexpensive and expeditious method, of disposing of a vexed question, which occasionally arises and should tend to avoid litigation.

Other Provisions

Secs. 52 to 56 inclusive, relate to the payment of shares of infants and other persons under disability and the investment of such moneys. Section 52 provides that infants' shares may be paid to the executors of the insured or to a guardian, tutor or trustee of such infants. This is the law in all of the provinces except Ontario and Saskatchewan. In the last two provinces, infants' shares must be paid into Court unless the insured names a trustee to receive such shares on behalf of the infants. Many are of the opinion that in no case should infants' shares be paid to the executors of the insured. Most of the legislation on this subject has been taken from the Quebec, Manitoba and British Columbia statutes.

Sec. 57 provides for payment to the foreign representative of the insured. The substance of this section is found in the Statutes of Ontario, Saskatchewan and the Maritime Provinces with the exception that the time limit for payment is deleted.

Provincial Jurisdiction

In a few words I wish to refer to the jurisdiction of the provinces respecting insurance contracts. I think I am right in stating that ever since the judgment of the Privy Council in the case of Citizens' Insurance Company v. Parsons decided forty years ago, it has been settled that the Dominion Parliament has no power to authorize a company of its own creation or a foreign company to make contracts in a province except such contracts as the legislature of that province may choose to sanction.

For years it has never been contended in any of the Courts of Canada that the Provincial Insurance Acts in so far as they assume to deal with contracts are ultra vires, no matter whether the companies are Provincial,

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Dominion or foreign. The Canadian Law Reports are full of cases where Dominion formed Life Companies have successfully relied on the Insurance Act of the particular Province in which they were doing business. On the other hand, the provisions in the Dominion Act relating directly to the insurance contract seem of doubtful constitutionality, except in so far as they are prescribed by provincial legislation.

The Model Act contains nothing of any consequence which has not been included in some of the Provincial Acts, for years. I am of the opinion, after careful consideration, that the Provinces have a perfect right to legislate respecting insurance contracts. Even as it is, there is no conflict between any Dominion or provincial legislation respecting life insurance, nor is there likely to be if the Dominion and Provincial Insurance Departments work in harmony and consider first and foremost the interests of the great insuring public throughout the Dominion.

There is no doubt that the Parliament of the Dominion has the right to incorporate insurance companies and to regulate them after they are formed. The provinces have a similar right as well. However once a Dominion formed company does business in any particular province it at once submits itself to the laws of that particular province as to its insurance contracts. This has been held over and over again in the highest Courts of the land. I cannot emphasize the fact too strongly that the model Act has nothing whatever to do with the constitution and status of insurance companies. It simply deals with the contractual relations existing between the insurer and the insured and the rights, interests and status of those who are entitled to insurance moneys.

Advantages of Uniformity

In conclusion, I would like to make a few remarks on the subject of uniformity. Embarrassments have resulted and will possibly continue to result by reason of our dual system of government. Some contend that it would have been better if the British North America Act had provided clearly that the whole subject of insurance, including the incorporation, regulation and taxation of companies, policy conditions, contractual rights, etc., should be within the exclusive jurisdiction of the Federal House. However, there has been a strong drift of late towards uniformity and harmony, and there are many who believe that the laws of the various provinces can be made consistent and homogeneous and that it would be better for all concerned that the business be conducted under such improved laws rather than under a centralized administration. The Hon. Mr. Hughes, Secretary of State for the United States, while Governor of the State of New York, used words to this effect when advocating uniformity of State laws in respect to insurance.

I need not enlarge on the many arguments in favor of uniformity. Most of the insurance companies are doing business all over Canada, and there is no good reason why the Nova Scotia law on insurance contracts should be any different than the British Columbia law and why a policyholder in New Brunswick should have greater rights than the holder of the same kind of policy issued by the same company residing in Alberta.

Legal Annoyances

To use the language of one of the American Insurance Commissioners: "No law can be enacted, no existing law can be amended, without causing inconvenience to some one. These petty annoyances must not be considered, and if the officials representing the departments and the companies will come together with the one purpose of framing the law for the best interests of all, such law can be framed. It is said that every law is a compromise. There is less reason for compromise here, except on minor points, than in any other case, as the interests of the companies and the interests of the policyholders are identical."

Only such laws can be generally enacted and retained as tend to the improvement of the business as a whole,

and any law that will have this effect must receive the support of companies, insurance departments and policyholders.

The object of the Model Act is to formulate and present to the legislatures of the different provinces a sane body of laws which, while safeguarding the interests of the policyholders, would not interfere with the legitimate prosecution of business on the part of the companies, and would at the same time forestall and prevent ill-digested and dangerous legislation presented by active self-advertisers or by honest but mistaken enthusiasts. In his address this year to the Commissioners on uniform legislation, the President, Sir James Aikins, K.C., put the subject succinctly as follows: "What does uniformity of provincial legislation mean? Simply a standardization of the substance and form of Acts relating to inter-provincial commerce and business for the purpose of preventing inconvenience, annoyance, expense and delay."

If a Model Act is adopted by all the provinces, the question naturally arises as how the law can be kept uniform, bearing in mind how prone legislatures are to endeavor to improve the law by amendments. In all probability amendments will be necessary from time to time and in order to preserve uniformity I would suggest that any proposed changes be first submitted to the insurance departments of all the provinces representing their respective legislatures and a special committee representing the companies, for approval and that no amendments be adopted without such approval.

In regard to the interpretation and construction of uniform acts allow me again to refer to some well chosen remarks in Sir James Aikins address—"Uniformity of provincial law contemplates local legislative control of those subjects mentioned in Section 92 of the British North America Act. But legislation alone will not secure uniformity. It will be necessary for the courts to construe the provisions of a uniform Act in the light of the decisions of other provincial courts on similar enactments. We can well afford to learn from the experience of the American Bar Association and their Conference of Commissioners. They insert in every uniform Act which they recommend this clause:—

"This Act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those provinces which enact it."

With such an expression of intention by the legislatures the courts of the several provinces would undoubtedly co-operate.

Lord Macaulay in urging the passage of a bill in the House of Commons, providing for a code of laws for the better government of India, summed up his argument as follows:—"Our principle is merely this—Uniformity where you can have it; diversity where you must have it; and in all cases certainty."

To paraphrase this principle and apply it by way of suggestion to the Provincial Legislatures—Recognize where you must the lines which divide the Provinces; promote where you can the movement for uniformity of laws in the Provinces; and to the Judiciary—Adopt in all cases of interpretation the doctrines of *stare decisis* and of judicial comity.

AUTOMOBILE UNDERWRITERS

At the Annual Meeting of the Canadian Automobile Underwriters' Association held in Ottawa Nov. 28th, 29th and 30th, the following new officers were elected for the ensuing year: W. T. Perry, Manager for Canada of The Ocean Accident and Guarantee Corporation, President; E. T. Hussey, of The Travellers' Insurance Co., 1st Vice-President; E. Willans, General Manager, Imperial Guarantee and Accident Co., 2nd Vice-President; and J. H. King, Secretary. Delegates were present from the three Western Associations, which are now affiliated with the Canadian Automobile Association, with head offices in this city. Routine business was discussed, and several matters of interest dealt with, but no radical or important resolutions were passed, as was anticipated.

COMMERCIAL UNION ASSURANCE CO.

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Capital Fully Subscribed\$14,750,000
 Capital Paid Up 7,375,000
 Life Fund and Special Trust Funds. 99,983,135
 Total Annual Income Exceeds 87,500,000
 Total Funds exceed 221,000,000
 Deposit with Dominion Government
 (As at 31st December, 1920).. 1,699,233

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INSURANCE COMPANY

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Capital Fully Paid\$1,000,000
 Fire Premiums, 1919, net 4,725,890
 Interest, net 259,890
 Total, Income 4,985,780
 Funds 7,722,490
 Deposit with Dominion Government,
 (As at 31st December, 1920)... 532,567

In addition to the above there is a further
 Guarantee of the Commercial Union Assurance
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Fire Insurance Rating Bureaus

Classification of Risks Has Been a Problem on Which Opinions Differ—Significance of Schedule Rating in Connection With Building Construction and Fire Prevention

**BY D. C. HEATH, SUPERINTENDENT OF INSURANCE,
MANITOBA**

(An address before the Superintendents' of Insurance Conference, Quebec, October, 1921.)

SCHEDULE Rating, like almost everything else in this world that is worth while, is an evolution, not an invention. It began in a very small way many years ago, and is the result of the persistent gropings of the insurance fraternity for an equitable system of prorating fire losses amongst the insuring public. Nobody is satisfied with the results so far obtained, not even those who are responsible for the rates, and nobody ever will be satisfied. It is too difficult and complex a subject, and the basis for calculation is changing like a kaleidoscope all the time.

Every community seems at some time or other to go through the same experience. There comes to all a period of freedom from fires just as there comes a period of freedom from disease, and just as they become thoroughly satisfied with themselves, and "thank God that they are not as other men are," and agitate for a substantial reduction in insurance rates, along comes a series of devastating fires, and they are thrown back into the "Slough of Despond," saying to themselves, "What is the good of expensive fire fighting equipment and organizations backed up with expensive water works systems and much preaching about Fire Prevention methods?" As a matter of fact there is not nearly as much good in these things as there ought to be, and there never will be until we find some way of waking the public up to the fact that our rates must be based on our fire losses, and that our enormous fire waste is due entirely to our own criminal carelessness and thoughtlessness.

Rates Not Fixed By Guess Work

The public seem to be of the opinion that insurance rates are all guess work, placed as high as the companies think the particular community will stand for; and, indeed, I can remember, not so many years ago, when compared with the manner in which they are arrived at today, they really were largely guess work. Facts and figures had not been so carefully tabulated, and what statistics were then available had only been collected during a comparatively short period; statistics compiled in one locality were practically of no value in another locality, owing to the wide difference in building construction, business methods and the individuality of the inhabitants; but today all over the world statistics are being carefully tabulated and compared. In Canada all kinds of organizations are calculating, classifying and studying fire loss figures, none of which, of course, are absolutely correct, but out of all these statistics we most certainly must emerge with an improved and more equitable system of pro-rating our fire losses.

In so far as Canada is concerned, I believe schedule rating is entirely in the hands of the Insurance Companies. We in Canada have so far been fortunate in that we have not yet developed the Trust and Combine mania.—at least not to anything like the extent that our cousins to the south of us have, and they do not appear to have arrived anywhere; with all their Trust and Combine smashing they only seem to get deeper into trouble, like a cow struggling in a quagmire.

State Control

Nearly every state in the Union appears to have taken a smash at insurance rates in some form or other; some went to one extreme, and some went to another extreme, while others for a time watched results like the canny Scot, but sooner or later they all seem to have got the

disease, and in their desire to reach the Elysian Fields turned things upside down; and so far they do not appear to have arrived at any result that gives any more general satisfaction than was being given when they started out on their campaign.

In my humble opinion, comparatively satisfactory rates will only be arrived at by slow and careful evolution, backed up by some legislation (whatever that may be), and possibly that may prove to be just as hard to determine to the satisfaction of all concerned as are equitable fire insurance rates.

Let us for a moment consider how the Insurance fraternity are endeavoring to prorate our fire loss at the present time.

Classification of Risks

First of all, they have for many years been more or less carefully collecting data as to actual conditions surrounding fire losses spread over the whole of Canada, and over as many years as possible. From the information so obtained, they have endeavored to classify results as they have been found to apply to various building materials and construction, different occupancies, the amount of fire fighting equipment, if any, provided either by private individuals or municipal authorities, and so forth.

This being a difficult, scientific and never-ending proposition, it is manifestly impossible for each company to undertake this on its own account, so they decided to cooperate with one another, and established rating bureaus, composed of specially trained experts in various lines at convenient centres.

Towns and Cities are classified and rated according to general construction of buildings and their various groupings, fire protection afforded in the way of water works, fire fighting equipment, and fire alarm systems. The general condition of the town form a fire hazard point of view, and the possibility of a serious conflagration. A standard for towns is arrived at from past fire hazard experience, and each town is graded up or down from this standard, and what is called the key rate is arrived at. The various rules for arriving at the key rate may not be scientifically correct, but they are all worked out in the same way, so that each town practically sets its own key rate according to the collective results arrived at by its citizens, the fire fighting equipment provided, and the efficiency of its fire fighters.

Certain Axioms Are Necessary

Before our old friend Euclid commenced to reason out his problems, he was obliged to establish axioms; experience and logic had practically established that certain things were so, and Euclid took it for granted that they were so; if he had not done so, he would not only have got nowhere, but he could not have begun his reasoning; and so it is with schedule rating. It is taken for granted that a building of one construction or material is better or worse from a fire hazard point of view than a building of some other construction or material, and a standard is arrived at for the various classifications of buildings in a standard town; and so basis rates are fixed; then charges are made for hazards and defects in construction in proportion to what actual experience has shown to be their importance.

For instance, a standard emercantile building must be built of certain materials with walls of a certain thick-

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Authorized Capital	\$1,000,000.00
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5 Years' Record; Policy Holders' Surplus

31st December, 1916	\$204,030.45
31st December, 1917	233,715.84
31st December, 1918	270,439.33
31st December, 1919	294,609.33
31st December, 1920	316,794.93

RELIABLE AGENTS WANTED

ness, with a non-combustible roof. It must not have more than so many square feet of floor space between its division walls, nor must it be over so many stories in height; elevators and stairways must be entirely cut off with division walls with openings protected with fire doors, and the enclosures must project so far above the roof. Heating and other arrangements must come up to certain requirements, and the housekeeping arrangements must be satisfactory.

Charges for Defects

For a non-standard building all defects are charged for according to their seriousness, and for protections credit is given. For instance, a skylight is a defect, and is charged for, but wire glass and metal frames produce a credit if properly installed. Stairways are charged for, but if enclosed and furnished with a self-closing door, a credit is given according to the material used. Then exposures are charged for according to their distance, material and occupancy.

Finally a charge is made for the occupancy of the building according to its hazard, and the hazard of the goods incidental to that occupancy. This also is axiomatic.

Usually contents are charged for according to their inflammability, but there are goods, not in themselves particularly inflammable, but owing to their delicate texture, susceptible to extraordinary damage from fire, smoke and water, that carry high rates.

Builder Sets the Rate

This is roughly how the rate of the building and contents is arrived at, and to each, of course, must be added the key rate of the town. Therefore, whatever may be the defects of the system, or the scientific inaccuracy of the various charges and credits, when a man builds a building of certain materials and construction, with certain defects, providing certain protections, in a certain locality with certain exposures, he practically sets his own rate, according to the accepted rules; and if he takes the trouble to study those rules, he can materially reduce his rate without inordinately increasing the cost.

So much for the rating system as we know it in Canada, and which is usually known as "The Universal Mercantile Schedule." There are others; for instance, in some parts of the United States there is in use what is known as "The Dean Schedule."

Methods of Control

Let us for a minute consider the operation or control of the system. It seems to me that there are just three methods that can be used—the Insurance Company control as we have it in Canada with the defects or otherwise, with which we are all more or less acquainted; then there is the private control, that is, or was, in operation in at least three of the United States, a private individual or corporation conducting the bureau, paying all expenses, and assessing each insurance company by arrangement. Then there is Government control, as is the case in certain states of the Union, and with Government control must be considered what is known as State Insurance. You have some slight acquaintance, and no doubt certain opinions, about Government ownership; so it seems to me that this should afford you splendid material for a real live discussion. Incidentally, I might suggest a combination of Insurance Company or Private Control, and Government Control.

LIABILITY INSURANCE

There are different forms of Liability Insurance. "Public Liability" insurance protects contractors and manufacturers against suits arising from the accidental injury or death of persons not in their employ—the general public passing by. The insurance company assumes all expense in such cases, and pays any damages awarded by the courts. The experience of the year brought nothing new of importance. Business activity, especially building, was quiet, so the volume of business was not great.

SOME EXPERIENCE IN GROUP INSURANCE

Is of Real Value to Industry, but Does Not Solve All Problems of Organization

By C. A. RUTHERFORD, A.I.A., F.A.S.
Sun Life Insurance Co., Montreal
(From Canadian Insurance)

In assurance, as in other matters, it is customary for any new thing to be greeted by some as the greatest advance which has ever taken place, and by others as a grievous error likely to seriously injure the fabric of business. So it is with Group Assurance. Little more than two years have elapsed since it was first introduced into this country, and it has been held by some enthusiastic supporters to be the solution of all business problems, and the ultimate salvation of the industrial world. Nor have its detractors been idle in pointing out that the money so spent is thrown away, and might better have been applied to the improvement of labor conditions. Between these two extremes the truth will be found to lie. Group Assurance is no miracle worker, nor is it reasonable to suppose that the small amount expended on a group policy will tend to make a workman satisfied with low wages or inferior working conditions. Yet, if the balance is not all gain, neither is it all loss, and a sober and unprejudiced view will lead to a proper appreciation of this type of policy.

Before considering the place which Group Assurance is destined to fill in the industrial fabric, let us discuss briefly the essential nature of the policy itself.

The Group Policy

At this, the very threshold of our subject, we meet with a serious difficulty, the lack of an exact definition of what constitutes Group Assurance. Failing this definition—and there is none known to the writer that can be considered satisfactory, the legal definitions being probably the most unsatisfactory of all—the matter may be dealt with by analogy. Under the Workmen's Compensation Acts, if a workman dies of injuries received during his employment, and arising out of it, his heirs are entitled to a certain payment. The nature of this payment varies with the country under whose laws it is furnished, but it is almost invariably limited in the manner mentioned. If this compensation were extended so that payment must be made whether the death arises during the course of employment or not, provided only that the person dying is on the payroll of the employer, we have a fair idea of the benefits intended to be provided by this latest form of assurance.

This analogy throws a light on many of the apparently arbitrary limitations set by the insurance companies on the policies which they will write. It is obvious, for one thing, that the maximum amount of assurance permitted should only be in the nature of temporary assistance to the dependents of the deceased and not as a permanent provision to maintain the home above the reach of want. In its essence it is the reverse of paternalistic. Its mission is to fulfil the moral obligation of the employer, and not to provide for the well-being of the employee's family.

Employer's Obligation

Considering the liabilities that gather round a death-bed, it must be admitted that there is no man too poor, or too rich, not to require the assistance of life assurance in settling his obligations to his creditors and surviving relatives. Nevertheless, in the case of industrial workmen, the day laborer, liable at any time to cease work for an indefinite period—to all except the most important branches of the clerical staff—it has become recognized that only the most careful have acquired the habit of providing for the immediate liabilities arising on their death, and it is almost uniformly recognized that, however inconvenient it may be from a financial standpoint, the employer must make an allowance of some sort to the dependents of a deceased employee, or incur public censure.

From an economic standpoint the existing system has

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On this plan for Premiums at ages given in the table on a \$5,000 basis, for a policy with Double Indemnity and Double Disability Provisions.

TABLE OF PREMIUMS
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Age	Premiums
20	- \$36.25
25	- 98.00
30	- 113.00
35	- 131.50
40	- 156.25
45	- 189.00
50	- 232.50

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Yearly Premium constant at rates quoted

Amount Payable at Death or at age 85 \$ 5,000.00
Am't Payable in event of Death by Accident \$10,000.00

If Total Disability occurs, No Further Premiums will be required and in Addition the Company will pay the Insured while permanently disabled (without reducing the face of the policy) A MONTHLY INCOME OF \$100.00.

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undesirable results. The relatives who live strictly up to their obligations, and are desirous of standing on their own feet, hesitate to approach the employer for assistance. In many cases where the deceased has been paid by the day or week, and has ceased work on account of ill health, the fact of his death is never even conveyed to the employer. These then, the soundest and most desirable citizens, are too often set aside on account of their very independence of spirit, while the careless and thriftless class are granted almost as a right that assistance which should be within the reach of all.

The Third Party

Surveying the moral obligation of the Employer, and the manner in which it is so often fulfilled, the advantages of the intervention of a third party are obvious. On the one hand the employer himself deals with the living, and not with the dead. He, moreover, deals with his own workmen, and not with unknown dependants. He is not required to decide which of the various dependant relatives left by the deceased employee the latter was most anxious should be cared for, for that decision has already been made by the employee himself. Above all, he is not required to decide the amount of assistance which should be given in each case, nor to discriminate between individuals.

The situation in regard to the employee is also clarified. He and his are not the recipients of charity; for the amount involved as a premium is too small a proportion of his wages to be considered as a donation. Indeed the premium paid rarely exceeds 2 per cent. of the payroll, and is often less than 1 per cent. The provident employee knows exactly to what extent his family will be assisted at his death, and the improvident employee is to that extent protected against his own shortcomings. Finally, the placing of the payments in the hands of an insurance company clears up the position with regard to the surviving dependants. Those who would hesitate to approach the employer for assistance which they feel was not inferred in the contract under which the employee worked, are not required to stoop to the indignity of receiving charity, but as a matter of right can claim payment of the amount provided under the Group Assurance scheme. The thriftless, on the other hand, have no excuse for approaching the employer. Their rights are determined by contract, and they cannot advance their poverty stricken condition as a reason for immediate assistance by the employer.

Expense High

It will be seen from these considerations that even if the Group Assurance scheme costs considerably more than individual employers are in the habit of paying out, these benefits are nevertheless great enough to justify the actual cost. So far, however, from being considerably in excess of the amount actually paid out, the cost for the entire body of employees only exceeds the amount required to pay the claims by a little more than the cost of administration, which includes furnishing the employer with accurate and valuable records of his staff, and presenting the scheme to the employees so that each may know his position thereunder.

In the case of an employer having a considerable staff, say 2,000 or more, it may well happen that the premium paid under his group policy will consistently, year in and year out, exceed the amount paid in claims. In such a case the service in regard to his records and contact with his employees must be taken into account, together with the protection afforded against the possibility of an epidemic, which, in the absence of this provision, would at the same time reduce the efficiency of his working staff and require the payment of a large amount in death benefits.

Forms of Policy

Employers with staffs of from 50 to 1,000, however, are in the position that they can hardly afford not to have a scheme of this nature in effect. It may well be that they will pay for many years without receiving a single payment in death claims, but as against that they are protected from the possible requirement to pay allowances where

even a single payment might be considerably in excess of the total group premium for the entire year. This certainty may be considered worth more than the amount charged for. It is a common-place in accounting that a small expenditure is more easily provided for by a firm than an amount that may average less over a period of years, but which may call for a large payment at one time, requiring to be balanced by a long period for which no payment is due.

Summing up the various considerations with which we have dealt, it is obvious that there is a real place in business for the benefits provided by group insurance. It is a material addition to the modern industrial structure. On the other hand it is idle to declare that it will solve all problems in dealing with labor. Its value may indeed be many times the actual amount spent in premiums, but it can never be accepted as a substitute for wages below the current scale. It may be said, however, that the amount required for a premium under a group policy could not be applied in any manner which would give better results, and in this fact, we believe, lies the full justification of Group Assurance.

GUARANTEE INSURANCE IN 1921

A Summary of the Experience of Companies Writing This Line in Canada

THIS form of insurance is issued to cover all requirements of business men in the bonding of employees or issuing various forms of bonds that may be required by business contracts. There are so many different kinds of bonding insurance that it would not be possible in our limited space to give even an outline; but nearly all the large companies write all approved modern forms of fidelity and surety bonds, and their agents are always ready to explain the details of these to business men.

1921 Expensive

The Dominion of Canada Guarantee & Accident Insurance Co. report that their guarantee business showed a slight increase in volume during the first ten months of 1921, over the like period of 1920. C. A. Withers, the general manager, reports that on the whole this department has continued quite satisfactory in every way, and referred with justifiable pride to the company's profit-sharing plan, whereby a dividend on the total profits of the company each year is paid to all their employees at the same time that dividends are paid to the shareholders. This commendable scheme is altogether distinct and apart from the question of employees' salaries.

The Imperial Guarantee & Accident Insurance Co., through E. Willans, manager, reports their guarantee business for ten months of 1921, as showing about the same results as for the like period of 1920. The claims, however, proved to be a little heavier than last year, showing from another angle the apparent unfavorable results of a year of marked depression in nearly all lines of general business.

Increased Business

The General Accident & Insurance Co. of Canada report a considerable increase in the volume of their guarantee business—the figures for the ten months of 1921 being \$25,644.42, against \$19,831.91 in 1920; but their claims were two and one-half times as much in 1921 as in 1920, the figures being \$10,800.86, as against \$4,308.96 in 1920.

A well-known guarantee company reports a very favorable business in guarantee bonds during the ten months of 1921. This company admits that they were affected like all others by the bad business conditions generally, especially in Toronto, but on the whole the year proved favorable in this department, for their premium receipts from guarantee bonds totalled \$150,000, showing an increase of \$32,606, as compared with the like period of 1920.

Send us Sub-Standard Assurance

When the average insurance man thinks of sub-standard Life Assurance, he forms a mental picture of men and women on the very border-line of Death, or, perhaps in their coffins. We are content to allow him to retain his misconceptions.

A Life Assurance Company must not take undue risks or the main purpose of its existence would be defeated. There are thousands of men and women, however, whose physical impairments only slightly shorten their lives. The extent of this shortening of life may be understood and taken into consideration, and a protective bond produced which is fair to the one seeking protection and still absolutely safe for the company. It is a matter of exact knowledge, and this knowledge the trained members of our Actuarial Department, Medical Board, and staff of consulting physicians amply possess.



We conceive it our privilege and our duty to find protection for those who are not in every way "Perfect" lives, for these are, perhaps, just the very men whose wives and families might suffer the greatest distress in the event of the Breadwinner's Death, and who, therefore, most need the beneficent safeguard against economic loss, which Life Assurance alone can give.



Sub-Standard Assurance as it Really is

Sub-standard Life Assurance, then, is a scientific system of grading risks, and it is as safe and as fair and equitable as the system underlying the computation of premiums on "Standard" lives. There is no guesswork about it—the applicant pays for what he gets in exact ratio to the effect of his infirmity upon the length of his life.

Write us about the cases your own company will not accept, or, better still, join the Northwestern agency force and save the commissions you now lose on this class of business.

The Northwestern Life Assurance Company

WINNIPEG • CANADA

H. R. S. McCABE
Managing Director

F. O. MABER
Secretary-Treasurer

Credit and Fire Insurance

Many Fraudulent Attempts to Realize on Fire Insurance Policies Have Been Made During Past Year—Some Examples From the Work of the Ontario Fire Marshal's Department

By GEORGE F. LEWIS, DEPUTY FIRE MARSHAL OF ONTARIO

(An address before the Ontario Fire Insurance Agents' Association, Hamilton, October 19, 1921.)

THE Fire Insurance business, while being dabbled in by almost every class in the community, is coming into its own and is being recognized more and more as a high-class profession of specialists calling for the best talents of carefully trained men and engineers. You have built up a great and influential organization of men handed together, with high ideals for mutual advancement and the furtherance of the best interests of the Profession with the fundamental underlying thought of "playing fair with your fellow men."

The volume of the Fire Insurance business in this province is stupendous, its ramifications are varied and must be met in a progressive spirit; and with broader ideas and a bigger conception than was considered necessary but a few short years ago.

This is a progressive age and old ideas are fast passing away. It has been suggested that a fresh code of business ethics could be written with each incoming generation; that some of the practices in vogue, looking backward thirty years, common at that time and then accepted with complacency, are to-day classed as disreputable, or the law forbids; and that some of the practices of to-day may be so classed in later years.

New conditions will bring new abuses, but with the inculcation of modern ethics, some one may be trusted to point the way.

You are the mainspring of the vast mechanism of the Insurance business, and on your shoulders rests a great responsibility in the up-building, progress and prosperity of this province. You cannot stand still. You must advance. As Alice in Wonderland puts it "you have to keep running as hard as you can, to stay where you are."

The only cry which pleases the heart of the ambitious man is "Forward." Something superior, something new, something hitherto unequalled must be evolved, or the outcome of thought and labor will be unsuccessful. The very effort to advance—to arrive at a higher standard than we have reached—is inspiring and invigorating. The development and progress you have made as an Association is prophetic of the future.

Credit and Fire Insurance:

"Credit" is the foundation on which Trade and Commerce of the world is built and "Fire Insurance" is the keystone, the essential element, which completes the structure, locks its members together, and keeps it safe and permanent. Millions are loaned on the stroke of a pen almost every day in the year. The merchandise which enters into the transaction may be a thousand miles, or more, away but the deal is made safe by another stroke of the pen and a Fire Insurance Policy comes into being.

Credit as an asset is worth all the yellow gold of the mines to the man who has earned it and means to retain it. In establishing his credit he gains the coin current minted from character. Not only is Credit a priceless asset to the man in commercial life, but to the professional man, the clerk, and the mechanic its value has long been proven. To make those enormous transactions possible it is necessary that the commodities of "Credit" and "Fire Insurance" be cheap. They are cheap—possibly the cheapest things in the commercial world to-day.

I will go farther and say that they are too cheap—they are too easily obtained by certain unworthy classes of the community. As these main arteries are necessary in the

legitimate transactions of Trade and Commerce; so also are they taken advantage of in the illegitimate transactions of deception and fraud by the criminal classes in our community. We continuously hear complaints from all sections of mercantile life of dishonest methods resorted to by a section of the foreign population in business dealings. They have it down to a fine art, and apparently are able to obtain almost unlimited credit and unlimited Fire Insurance with ease and facility.

Deception

Sometimes it almost seems as though the tricky and fraudulent foreigner was given preference in this nefarious work; but I think the real facts are that they resort to all kinds of deceptive and underhand means to attain their object. Two or three of many cases that have come to our attention may be illuminating:

Two Jews invested \$300 each, in a ready-to-wear business. They had three bank accounts. They got lines of Credit from each bank. They got Credit from Wholesale firms amounting to \$6,000. They got private accommodation amounting to over \$1,000. They got Fire Insurance amounting to \$9,000, on a stock never valued at more than \$4,000, according to their own estimate.

They took in a third partner with \$1,800 worth of stock, on which there was a liability of \$1,000 on which he had a cover of \$5,500 Fire Insurance.

They couldn't or wouldn't pay their debts. It was evidently a case of fire or failure. The "plant" was made and a fire occurred. But the fire wasn't a success. There happened to be another Jew Manufacturer on the floor above—whose Insurance had been recently cancelled and he proved to be, not only an excellent Fire Preventionist, but also a good Fire alarm. He wasn't orthodox or he wouldn't have been at his factory at the time, or else he suspected that something was going to happen; consequently the fire was quenched at its incipency without much damage.

At the time of the fire there was an overdraft at Bank \$3,000 and \$4,000, with Insurance thereon amounting to \$14,500.

What the amount of claim would have been on stock if everything had been completely burnt up, is problematical—but you can form a fair estimate.

At the time of the fire there was an overdraft at Bank No. 1 of \$1,900 and Bank No. 2 account was overdrawn to the extent of \$700—debts amounted in all to over \$5,000.

This is the abridged history of a Manufacturing Concern, in business for fourteen months, with which our highly-taxed, decent, respectable Canadian Manufacturer must compete. I ask you, is it fair?

Another similar concern had an unsuccessful fire recently and in this case the stock was valued at \$4,000 and they had a cover of \$15,000 Fire Insurance.

Succeeds in Fraud

Some months ago, I was advised that a resident of one of our Northern towns wanted to go home to Italy. That the first windy night his dwelling would be burnt. I found out the names of the Companies that were on the risk and the Insurance was promptly cancelled.

New and additional Insurance was, however, placed on

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Losses paid since organization, 1851	-	Over \$82,000,000.00

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W. M. COX, Vice-President	ALFRED COOPER (London, Eng.)	GEO. A. MORROW
Sir JOHN AIRD	H. C. COX	Major-General
ROBT. BICKERDIKE (Montreal)	JOHN H. FULTON (New York)	Sir HENRY PELLATT, C.V.O.
	D. B. HANNA	E. R. WOOD

London Offices: 14 CORNHILL, LONDON, E.C.

Head Offices:

Western Assurance Buildings, Corner Scott and Wellington Streets
TORONTO

E. F. GARROW,
Assistant General Manager.

C. S. WAINWRIGHT,
Secretary.

British Colonial Fire Insurance Company Montreal

Balance Sheet at December 31st, 1920

ASSETS

Premiums in course of collection	\$ 42,585.88	
Bills Receivable	4,480.56	
Accrued Interest	3,426.80	
Cash in Banks	141,173.19	
Investments	197,413.34	
Office Furniture	7,111.12	
Plans	13,278.17	\$409,469.06
Agencies, treaties and establishment	\$140,316.82	
Capital subscribed and not called	711,970.00	852,286.82
		<u>\$1,261,755.88</u>

LIABILITIES

Capital not called	\$711,970.00	
Due by Shareholders	3,985.00	
Paid-up Capital	301,145.00	
Reserve for Losses	14,135.32	
Deposit by Reinsurance to guarantee their contract..	65,346.67	
Reserve	154,920.59	
Balance	10,253.30	<u>\$1,261,755.88</u>

the premises, about which I knew nothing, and sure enough within one month the dwelling was burned to the ground a total loss. The usual alibi was set up "the owner was away from home at the time of the fire." He got his money and went home to live in sunny Italy, a rich man.

I have known a Jew to get \$3,500 Insurance on a stock not worth \$500. It took just three days for the Company to cancel it—but he got other Insurance and within a couple of months there was nothing left but charred embers of his stock and fixtures from a fire that blew the front out of the store at low twelve one dark night; but did not spread outside the one room.

The chief transgressors that we have to deal with are among the criminal classes of the Jewish and Italian races. It is they who prey upon our liberal systems of Credits and Fire Insurance.

The breed of thieves and crooks will last while the race lasts, and some of them will continue to be well introduced. They will come to you of forceful personality, of correct poise, slickly veneered, immaculately groomed. They will throw you bouquets hoping to find you easy. They will mix bland, determined importunity with a veiled measure of threat, suggesting that you are behind the times unless you write the full line they demand. You are no doubt accustomed to meet these men, and will not be hurried or sandbagged into making an ill-considered cover. You cannot keep a vigilant detective and a bright lawyer on guard to watch your risk over night. Consequently you cannot afford to gamble upon character in the Insurance risk; every effort should be made to know in advance.

With the development of the internal combustion engine and the general use of automobiles, laws had to be enacted controlling the man who guides the motor cars; making him responsible for the life which rides with him and that which may cross his track.

Section 515 of the Criminal Code provides penalties for those causing fire which results in loss of life or property; and who refuse to make alterations, remove materials or supply apparatus when ordered to do so by the proper authorities.

Thus, we are also making progress in our Fire Prevention laws.

Fires in the Province

In 1920 the cost of maintaining the Ontario ash heap amounted to \$11,771,718—divided among 9,296 fires. A per capita loss of \$4.70.

During the last five years there have been 48,312 fires in this province consuming \$64,844,935 worth of merchandise, buildings and foodstuffs, averaging one fire every hour of the day and night, and a daily loss amounting to \$35,500.

In this day of advanced civilization it is appalling to think of this awful destruction of our substance which is gradually but nevertheless effectively impoverishing our people.

Our fire losses in Canada, on a per capita basis, are ten times greater than the average of the five principal European countries in normal times.

The Insurance premiums in Canada are approximately five times more than the English rates; and our fire waste is about five times as great on a per capita basis.

For the last three years the Fire losses in the Dominion have averaged twenty-seven million dollars a year.

We cannot withstand indefinitely the steady, continuous drain of one million dollars a month fire waste, in Ontario. Something must be done to stop this sapping of our commercial strength and vitality.

The cure of this National disease is largely in your hands. If you fall in your diagnosis and administer the wrong potion, the disease will spread further necessitating the administration of a stronger and more noxious dose by someone else.

I doubt if any person will controvert me when I say, that if all suspicious individuals in the two classes that I have mentioned were absolutely refused Fire Insurance, and all others of the same classification were held down to a strict 50% cover, there would practically be no arson;

and many other fires which do not bear the recognizable imprint of incendiarism would not occur.

Purely accidental fires are few in number and are not the cause of this serious fire tax on the people.

Is it reasonable? Is it right to expect honest, hard-working Canadians who have to supply the money to pay these fire friends' losses to keep on doing it? There is bound to be reaction if the scum of European countries can come over to Canada and, by flim-flamming the people, collect in a few months enough money for them to go back home and live for the balance of their natural lives in opulence.

Over-Insurance

The first and most important phase of this problem for your organization to consider and for the individual members to carry out is to see that property—buildings and contents—are not over-insured.

Over-insurance is a great temptation to a person to be careless and indifferent with regard to hazard from fire, no matter how honest he may be. It breeds bad house-keeping methods, accumulations of litter, rubbish and general disorder.

If business is bad it is a further temptation to sell out to the Insurance Companies. With the criminal class, the arson gang, the pyro-maniac, or those who are hopelessly involved in debt it is an invitation to have a fire.

Inventory & Inspection

Agents should make a careful inventory and see that substantial values are behind every cover, and, with the exception of rapidly fluctuating lines of business, further concurrent insurance should not be permitted without written consent.

If men were not allowed to over-insure their stocks or buildings and carried a portion of the risk themselves they would be more careful to take adequate precautions to prevent fires.

Inspection

Rigid inspection is equally important. An honest man will do everything within reason to safeguard his business, his home, and the lives of his family from destruction by fire. A suggestion is usually all that is necessary. In his report of the Ontario Insurance Commission, Hon. Mr. Justice Masten states:—

"It appeared from the testimony given before me that more than 60% of the total premiums collected by Boiler Insurance Companies is expended in inspection and Engineering charges, and that the actual loss ratio of all these companies for the last ten years, is not more than 7% of the premium. These examples indicate to my mind that efforts toward Fire Prevention can most effectively be made by periodical inspection of risks by independent and competent inspectors."

I think you should do everything in your power to control the business of Fire Insurance by restricting it and elevating it as a Profession of Specialists. Cut out the irresponsible fly-by-nights—the junk dealer—and those who are using it as a side-line. Some of the most flagrant cases of over-insurance, where fraud has been perpetrated or attempted, have been made possible by a certain Life Insurance Agent who sells Fire Insurance as a side issue.

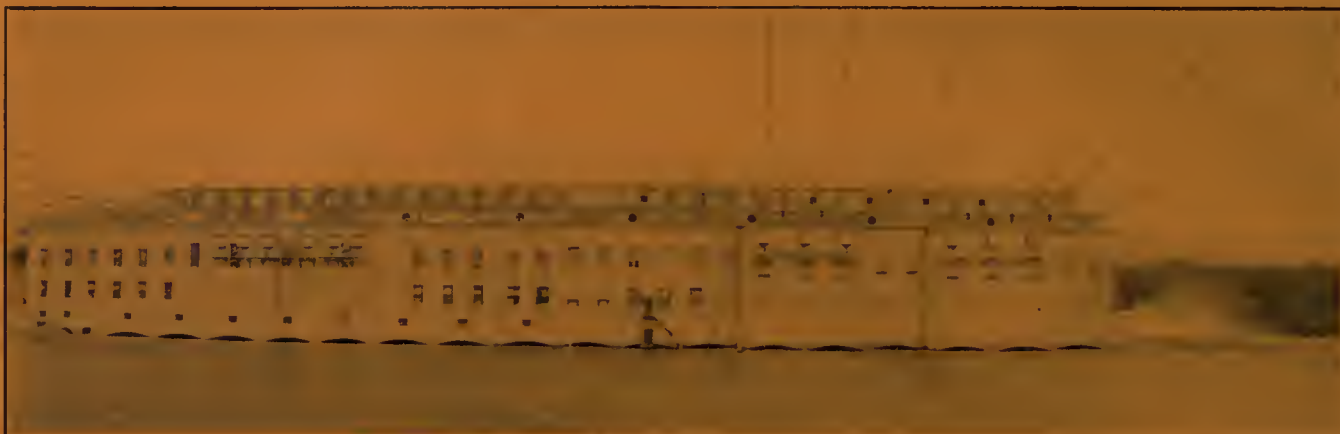
I would strongly urge that your Association give these matters, hurriedly placed before you, most serious consideration. It is for your personal benefit, the good of your Companies and the progress and prosperity of our country at large. Your success as an Association and as individuals will only be limited by the service you render the public.

Last August the Toronto General Trusts Corporation purchased the building at Portage Av. and Main sts., Winnipeg, formerly occupied by the Bank of Ottawa.

At a special general meeting of the Colonial Trust Co., of B. C., in February last, a resolution was passed that the company be wound up voluntarily, with the Bankers' Trust Co. as liquidator.

INDUSTRIAL





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CANADA

Manufacturing Has Had Difficult Period

**Conditions of Past Year Were Almost Entirely Adverse to
New Production—Prices Declined and Markets Were Poor—
Many Plants Have Closed Down, Temporarily at Least**

BY WILLIAM LEWIS EDMONDS.

THE year which has just taken its departure to join the years numbered with the past were marked by features such as had never hitherto been experienced since the birth of the manufacturing history of the Dominion. There have undoubtedly been periods of depression which were more disastrous in their consequences. For while in practically every branch of industry plants were operated during the year much below normal capacity, with several closed down for weeks at a stretch, thus creating throughout the Dominion a large army of unemployed, yet those of us who have reached the point of middle-life can readily recall periods of trade depression which, both absolutely and relatively, were infinitely more disastrous in their effect than the results which have followed in the trail of the adverse business conditions of 1921.

Those who can recall the history of trade depressions experienced during the past forty-five years will readily realize this if they turn their thoughts to the subject. Eighteen hundred and twenty-one may have seen a great army of unemployed in the Dominion. But it has not witnessed wide-spread and general financial crumbling of large industrial corporations and of big commercial houses, the demoralization of the agricultural industry, or the failure of banks so disastrous in their effect that depositors, the noteholders and shareholders were practically unable to obtain remuneration. Neither has it seen the establishment of soup kitchens in the cities to feed the starving multitude of unemployed. But there are men and women alive today who have a vivid recollection of periods of depression when all these untoward things happened.

That the depression experienced by industry during the year was acute there can be no question. With plants operating as a rule much below normal capacity and selling prices considerably reduced, it follows that there must have been a decided decline in the aggregate value of factory product. That it was as low as that of 1915, when the value of the product was \$1,407,137,140, is not conceivable. In 1917 the aggregate value was \$3,015,577,000, and in 1918—when the last estimate was made by the Census Bureau—it was \$3,548,036,975. And since 1918 not only have there been large increases in the productive capacity of then existing plants, but a considerable number of new industrial companies, many of them producing lines not hitherto made in the country, have been brought into existence. It is therefore pretty safe to conjecture that while the aggregate productive value of the factories of Canada was considerably lower than in either 1920 and 1919, it was still in excess of three billion dollars. One has only to consider the enormous expansion which has taken place in the automobile, rubber tire and pulp and paper industries since 1918 to be persuaded of the moderate character of this estimate.

Collapse of World's Credit System

Local in origin some of the causes of the depression undoubtedly were. But that does not alter the fact that the principal contributing cause was a world-wide condition, with its centre in continental Europe and its circumference everywhere. The root of it was in the condition of the world's financial centres, which having been exhausted by the exactions of the four years of war, led to the ultimate collapse of the credit foundations of every civilized country. True, the signs of collapse were very much in evidence during the latter half of 1920; but it was during the past year that the effect of the war's destruc-

tion of capital reached its climax and the process of readjustment the maximum of activity.

Part Played by Canadian Banks

In Canada during the past year the credit system, while sharing in the general impairment, was probably on the whole as little disturbed as that of any other country in the world—and less so than that of many other countries. That much of this was undoubtedly due to the general confidence obtaining as to the recuperative powers of the Dominion there can be no doubt. "With such vast natural resources as she possesses there can be no doubt regarding the ability of Canada to successfully weather the storm," was in effect the belief of every Canadian qualified to express an opinion on the subject. And a belief of this kind tends to stimulate effort as well as to strengthen credit.

But that which was the most direct factor in preventing the credit system of the country from suffering more than it did was undoubtedly the general policy which characterized the activities of the Canadian banks. True, a great many industrial and commercial companies were frequently compelled during the year—and particularly during the first half—to rely to a greater extent than usual on their own capital resources and less upon bank accommodation, a condition which necessitated some of them, in order to secure needed funds, finding a market for their merchandise at prices which left little or no margin of profit. But that does not alter the fact that the general policy and practice of the banks was rather to furnish accommodation to the highest possible limit commensurate with safety rather than to err on the side of a conservatism that meant the crippling of industry. In other words, while on the one hand the banks were bent on stabilizing and strengthening the financial position of the country by curtailing credit wherever necessary, on the other hand they were generous rather than otherwise in respect to the actual needs of industry. The proof of this is to be found in the proportion, as revealed by Government bank statements, which commercial loans bore to deposits month by month during the year. Had their policy been less generous the manufacturing industry would undoubtedly have had its activities even more curtailed than they

Root Cause of Canadian Depression.

That the world-wide impairment of credit was the root cause of depression experienced by the manufacturing industry of Canada during the year there can be no doubt. One thing is certain: it was not due to over production of manufactured goods. Except in isolated instances stocks of merchandise, both at home and abroad, were during the year rather below than above normal. And there were two factors whose influence tended to maintain this condition. The one was the conservative policy of the banks in respect to credit, which naturally served as a brake upon merchants who might be disposed to unduly anticipate their requirements. The other factor was the general disposition of merchants owing to the instability of prices, to keep their stocks at the lowest possible point commensurate with the immediate needs of their business.

In one respect the foreign markets were in such a position during the year, that had everything else connected therewith been normal a large export trade might have been cultivated for the surplus stocks of our factories. In the first place, and particularly in continental Europe, there has been an absolute need throughout the year for many lines of merchandise such as Canada is in

a position to furnish. In the second place, as a result of the several new direct ocean steamship lines inaugurated, many of which opened up new avenues for trade, better shipping facilities existed than in any previous year in the history of the Dominion. In the third place, owing to the increased attention given to the creation of special departments for its cultivation, a large number of the principal manufacturing concerns were far better equipped than hitherto for carrying on the export branch of their trade.

But all these factors, potent as they would have been under normal conditions, could only be utilized to a very modified extent owing to the demoralized state of the world's credit system. In other words, while the people of Europe wanted our products they were unable to pay for them. And the situation was further aggravated by the enormous discount obtaining on the currency of nearly all importing countries, while our export trade with Australia and New Zealand was seriously handicapped by the scarcity of negotiable documents held by the two countries in London. In fact about the only country whose exchange rate was favorable to our export trade was the United States.

Deep Cut in Manufactured Exports

As a result of the financial disability of the importing countries and the decline in market prices the export trade of the Dominion in manufactured products fell off on an average more than fifty per cent. during the year. Owing to latest detailed figures only covering the trade for the six months ending September it is necessary to confine comparisons to that period. But these are sufficient to illustrate the extent to which the export trade has declined. The following table comprises twenty-five different principal export items, and in all of which a marked decline took place during the six months:

	1921	1920
Agricultural implements	\$ 3,546,343	\$ 6,204,714
Automobiles	1,239,440	7,919,878
Rubber tires	1,076,561	5,200,403
Sugar and products of	7,296,412	13,845,826
Canned lobsters	2,918,409	4,298,839
Leather	1,496,468	3,155,455
Bacon and hams	12,510,231	16,320,969
Butter	1,805,985	2,859,160
Cheese	22,787,797	32,611,000
Woolen goods	683,134	3,570,387
Cotton goods	586,990	2,041,932
Planks and boards	18,129,638	46,467,066
Pulp	15,804,159	44,217,712
Newsprint paper	31,277,763	35,760,333
Hardware and cutlery	532,708	4,500,687
Machinery	1,614,240	2,939,178
Rolling mill products	1,425,213	6,572,035
Smelted iron products	210,394	4,865,602
Wire	88,659	1,195,686
Wire nails	72,022	2,532,966
Aluminum	473,886	3,298,864
Copper and its products	3,485,173	6,799,935
Nickel	1,987,828	5,652,329
Cement	252,339	1,389,752
Chemicals	4,236,580	11,235,027

The aggregate value of these twenty-five lines was \$135,535,372, as compared with \$285,456,735 the corresponding six months of 1920, a decline of \$149,921,363, or over 50 per cent. Among the few lines in which increases were made, the principal ones were:

Flour	\$24,893,672	\$23,460,944
Canned salmon	3,123,445	2,677,619
Locomotives	1,058,811	403,558
Sewing machines	430,004	366,183
Lead	482,369	143,369

Exceptional Cuts in Inventories

The extent to which inventories have been written down by industrial companies during the year is without a parallel in the history of the Dominion, thus entailing enormous depression in value of assets. But it was an under-

taking that was absolutely necessary if assets were to be given their true, and not inflated, value. Concurrently with this operation, an approximately corresponding reduction was also made in liabilities, prominent among which, in many instances, was a complete liquidation of indebtedness to the bank. This is one of the striking features of the annual financial statements of some of the principal industrial corporations issued during the last few months. And it is reassuring to note that as a result of this two-fold operation the companies have been able, as a rule, to maintain a strong position in respect to working capital.

That the manufacturing industry, taken as a whole, is in a much stronger position in respect to capital than it was in pre-war days there can be no doubt. One other economy in manufacturing which has yet to be completed is that in respect to cost of production. And that can only be accomplished when the cost of labor has been brought down to a point approximately corresponding with the reduction in the price of both raw material and the finished product. Much has undoubtedly already been accomplished in this direction, both by actual lowering in wages and the greater efficiency that characterizes labor as compared with a year ago, but there are still industries in which the wage scale is abnormally high as a result of the opposition of organized labor to a change. Until this equilibrium between the cost of production and the market price of commodities is more generally established than at present industry will scarcely reach the desired point of stability. In the meantime many industries are handicapped in meeting foreign competition in both the home and the foreign market.

Experience of Iron and Steel

The iron and steel plants of Canada have probably suffered more from the conditions obtaining during 1921 than that of any other branch of industry. Only about one-fourth of the blast furnaces have been in operation during the year and mills at the steel plants have been intermittently closed down. The complete closing down of the new \$5,000,000 ship plate mill at Sydney, N. S., was a particularly regrettable incident. With the purchases of railway equipment almost nil and the construction of large buildings and bridges almost at a standstill, to say nothing of a nearly 40 per cent. decline in the export trade, a marked decrease in the production of iron and steel was inevitable. Evidently, however, the climax in the period of depression has been reached and passed. Within the last month or so there has been a gradual though slow improvement in the situation. As a result of fairly substantial orders for rails placed recently by the Canadian Pacific, the Canadian National, the Grand Trunk, and the Temiskaming and Northern Ontario, the plants of the two companies engaged in the industry are assured of activity for some months to come. Steel for structural purposes is also in rather better demand. According to the figures for October furnished by the Dominion Bureau of Statistics, there was an increase of about 6,000 tons in the production of pig iron during that month, while the output of steel ingots and castings, through an increase of 16,000 tons, was the largest for any month in the year.

Features in Pulp and Paper

The pulp and paper industry, like all other industries, has experienced its ups and downs during the year. First there was the wide-spread strike of the spring and early summer, to be followed later by the closing down of some of the smaller and newer mills, and the financial difficulties, as a result of over-expansion, of the Riordan Pulp and Paper Company. But taken on the whole, the recession of trade experienced was less marked than in that of almost any other of the key industries of the country. The export market for newsprint paper, which consumes about 80 per cent. of the Canadian output, has taken an upward turn during the last month or two and production is steadily increasing. The extension of one year granted the Riordan Company, and the starting up of two of its plants, with probability of a third being shortly put into operation, have naturally tended to impart a healthier

tone to the industry. As a result of additions which have been made to plants during the year the productive capacity of the pulp and paper industry is considerably larger than it was at the close of 1920, being estimated at 2,300,000 tons for all kinds of pulp and paper.

Experience of Milling Industry

While the milling industry has had to contend with many difficulties, it has come through the year, all things considered, in a fairly satisfactory manner. Having to keep large quantities of wheat in reserve, it necessarily follows that when the price of that commodity took a tumble the mills had to make a corresponding reduction in the value of that which they held. Fortunately, however, the market was not altogether against them, they having been protected, when securing export orders for flour for future delivery, by the falling market on their raw material. In catering for foreign trade competition has been, and still is, very keen, not only among domestic mills, but from the mills of the United States, Argentina and Australia. But in spite of this the mills of Canada exported 2,868,271 barrels of flour valued at \$24,893,672 during the six months ending September compared with 1,947,710 barrels valued at \$23,460,944 the corresponding period of 1920. All the big milling corporations have during the year earned profits and paid dividends to shareholders.

The Textile Industry

The cotton mills have experienced much in their favor during the year. Thanks to the strikes in the Lancashire cotton industry and the high prices obtaining in the United States, the mills of Canada have during the past year been able to secure a large share of the home market. As a result they have been better employed than would otherwise have been the case. The fact that the raw market has been appreciating in price the mills have also naturally been saved from writing down inventories in respect to this material, as was too commonly the case with many other branches of industry. The results from the foreign trade were not realized by the woollen industry to the extent that was early in the year anticipated, but they have on the other hand been as a rule fairly well employed in supplying the home trade, and it is understood better prospects are looming up for the export trade, a branch of their business to which much organized attention has been given during the last year or two.

Dull Year for Lumber

With the construction of large buildings temporarily suspended at home and the export demand at an unusually low point, the year has been anything but a favorable one for the lumber industry, while the low market values obtaining on material cut when costs were at their maximum has necessitated substantial losses on the heavy stocks standing in the yards of the respective companies. With labor and supplies costing approximately one-half that of a year ago the position of the mills in respect to this winter's operations in the woods promises to be much more favorable than was the case during 1921. In the meantime, the export situation is showing signs of an improvement, although so far it is largely confined to the mills on the Pacific coast.

Other Industries

A dull trade has been experienced throughout the year by the leather industry, but an improvement has recently been experienced, and bringing with it a rather firmer tone to prices. The revival of business that came to the boot and shoe industry early in the last half of the year has naturally tended to improve the situation with the leather trade.

Owing largely to the marked curtailment in the demand on export account, there was a large depreciation in the output of the meat packing industry during the year. Some at least of the larger packers have of late been giving a great deal more attention than was their practice in the past to the cultivation of the home trade, with the result that some compensation for the decline in the export trade has been experienced.

Benefit has naturally accrued to the cement industry from such large undertakings as the Chippawa canal and power house at Queenston, and the extensive road-building operations of the various provinces. Where it has of course experienced a diminished demand is for cement used in connection with the erection of factory, office and public buildings.

Taken as a whole, there is a marked change in the industrial situation as compared with the beginning of 1921. Then it was like a ship sailing into a brewing storm, the fury and results of which could not be determined. Now, although the storm may not yet be entirely spent, the clouds are gradually disappearing and the prospect brightening.

Crop Values Far Below 1920 Levels

Reduction in Value Per Bushel of Wheat and Other Grains Is Cause—Rye and Grain Hay Are Only Products That Exceed Previous Year in Value

THE Dominion Bureau of Statistics recently issued a preliminary estimate by provinces of the value of this year's field crops, as compared with the final estimates of the two previous years 1919 and 1920. The values per unit assigned to each crop represents the averages received locally by farmers, as calculated from current market quotations. They are subject to revision after the receipt of final returns from crop correspondents at the close of the year.

For the whole of Canada, the total value of the principal field crops of 1921, as now preliminarily estimated, amounts to \$1,017,675,400, as compared with the final estimates of \$1,455,244,050 in 1920, and \$1,537,170,100 in 1919, the highest aggregate on record. The total for 1921 comprises \$283,234,000 for wheat, as compared with \$427,357,300 in 1920, and \$457,722,000 in 1919; \$188,051,000 for oats, as against \$280,115,400 and \$317,097,000; \$30,282,000 for barley, as against \$52,821,400 and \$69,330,300; \$22,084,900 for rye, as against \$15,085,650 and \$14,240,000; \$43,389,500 for other grains, as against \$86,296,700 and \$114,250,000; \$84,616,000 for potatoes, as against \$129,803,300 and \$118,894,200; \$296,799,000 for hay, clover and alfalfa, as against \$366,571,900 and \$353,-

\$92,400; and \$69,219,000 for other root and fodder crops, as against \$97,192,400 and \$91,744,200.

Prices Are Lower This Year

In general, the unit prices are considerably less than they were in either of the two preceding years; in fact, for wheat the price per bushel for 1921 is only 11 cents above the pre-war average, whilst for oats and barley the prices per bushel are somewhat less. As compared with last year, wheat, for the whole of Canada, averages 86 cents per bushel, as against \$1.62 last year; oats are 37 cents, as against 53 cents, and barley is 47 cents, as against 83 cents. Other grain prices have similarly fallen. The average for potatoes is 76 cents per bushel, as against 97 cents last year and 95 cents in 1919. The price for hay and clover, viz.: \$23.25 per ton compares with \$26.10 last year and \$20.72 in 1919; but the yield per acre, the lowest on record, causes the total value to be nearly \$79,000,000 less than last year.

By provinces, the total value of the field crops for 1921 is as follows, the finally estimated totals for 1920 and 1919 being given within brackets: Prince Edward Island, \$16,-

530,500 (\$18,530,400 in 1920 and \$22,367,400 in 1919); Nova Scotia, \$33,992,500 (\$47,846,550 and \$63,357,000); New Brunswick, \$38,051,400 (\$46,357,300 and \$53,134,400); Quebec, \$192,773,000 (\$330,251,000 and \$309,963,000); Ontario, \$236,907,000 (\$375,746,900 and \$383,573,900); Manitoba, \$93,128,000 (\$133,989,900 and \$182,097,200); Saskatchewan, \$297,414,000 (\$271,213,000 and \$340,029,800); Alberta, \$88,985,000 (\$204,291,500 and \$158,444,000); British Columbia, \$19,894,000 (\$27,017,500 and \$24,603,000).

PRELIMINARY ESTIMATE OF THE VALUE OF FIELD CROPS IN CANADA, BY PROVINCES, FOR 1921, AS COMPARED WITH THE FINAL ESTIMATES FOR 1920.

	1920		1921	
	Average Price	Total Value	Average Price	Total Value
CANADA—				
Wheat	\$1.62	\$427,357,300	\$0.86	\$283,234,000
Oats	0.53	280,115,400	0.37	188,051,000
Barley	0.83	52,821,400	0.47	30,282,000
Rye	1.33	15,085,650	0.86	22,084,900
Peas	2.42	8,534,300	1.95	6,206,500
Beans	3.88	4,918,100	2.65	2,927,000
Buckwheat	1.28	11,512,500	0.69	5,868,000
Mixed Grains	0.90	29,236,200	0.60	11,263,000
Flax	1.94	15,502,200	1.57	6,859,000
Corn, Husking	1.16	16,593,400	0.72	10,266,000
Potatoes	0.97	123,803,300	0.76	84,616,000
Turnips, etc.	0.41	48,212,700	0.36	27,379,000
Hay and Clover	26.10	348,166,200	23.25	269,457,000
Grain Hay	33.12	4,518,000	11.23	14,466,000
Fodder Corn	7.75	43,701,000	7.13	40,199,000
Sugar Beets	12.80	5,278,700	6.50	1,641,000
Alfalfa	23.79	13,887,700	19.89	12,866,000
Total field crops....		1,455,244,050		1,017,675,400

P. E. ISLAND—				
Wheat	2.00	906,000	1.15	716,000
Oats	0.70	3,567,000	0.42	2,414,000
Barley	1.27	156,200	0.50	78,000
Peas	3.00	8,100	2.50	8,500
Buckwheat	1.30	123,500	0.60	53,000
Mixed Grains	0.85	473,000	0.60	277,000
Potatoes	0.65	4,013,600	0.45	3,352,000
Turnips etc.	0.39	1,359,000	0.20	804,000
Hay and Clover	26.00	7,909,000	30.00	8,799,000
Fodder Corn	10.00	15,000	6.00	29,000
Total field crops....		18,530,400		16,530,500

NOVA SCOTIA—				
Wheat	2.15	1,098,000	1.25	366,000
Oats	1.00	4,614,000	0.75	3,132,000
Barley	1.51	452,000	1.00	213,000
Peas	3.67	78,500	2.50	24,000
Beans	6.00	515,400	4.50	245,000
Buckwheat	1.36	397,000	0.80	160,000
Mixed Grains	1.32	265,000	0.80	110,000
Potatoes	0.98	9,966,000	0.95	6,093,000
Turnips, etc.	0.62	5,368,000	0.20	977,000
Hay and Clover	35.00	24,966,000	29.25	22,572,000
Fodder Corn	10.00	116,000	10.00	95,000
Total field crops....		47,846,550		33,992,500

NEW BRUNSWICK—				
Wheat	2.11	979,900	1.50	662,000
Oats	0.60	5,470,600	0.65	4,488,000
Barley	1.41	273,800	0.85	149,000
Rye	1.80	6,500	1.00	8,400
Peas	2.35	100,300	2.50	82,000
Beans	3.39	234,200	4.50	149,000
Buckwheat	1.45	2,189,200	0.80	917,000
Mixed Grains	1.17	118,200	0.80	82,000
Potatoes	0.70	10,857,200	0.90	14,573,000
Turnips, etc.	0.20	1,414,100	0.17	1,054,000
Hay and Clover	27.87	24,294,300	25.00	15,625,000
Fodder Corn	10.00	419,000	10.00	262,000
Total field crops....		46,357,300		38,051,400

QUEBEC				
Wheat	2.24	8,456,000	0.98	2,744,000
Oats	0.88	58,722,000	0.34	18,911,000
Barley	1.41	6,923,000	0.50	2,084,000
Rye	1.88	1,004,000	0.85	371,000
Peas	3.36	3,478,000	2.50	2,488,000
Beans	4.08	2,632,000	2.50	1,378,000
Buckwheat	1.38	5,393,000	0.60	2,102,000
Mixed Grains	1.26	5,286,000	0.50	2,019,000
Flax	3.57	657,000	1.58	154,000
Corn, Husking	1.59	2,258,000	0.43	536,000
Potatoes	1.00	57,633,000	0.80	28,871,000
Turnips, etc.	0.50	13,765,000	0.50	8,467,000
Hay and Clover	29.00	155,527,000	27.00	113,535,000
Fodder Corn	10.20	7,089,000	9.50	7,613,000
Alfalfa	21.00	1,428,000	23.25	1,500,000
Total field crops....		330,251,000		192,773,000

ONTARIO—				
Wheat	1.87	43,003,100	1.05	16,440,000
Oats	0.58	74,670,300	0.45	32,381,000
Barley	0.94	15,653,200	0.55	6,910,000
Rye	1.35	3,176,200	0.85	1,801,000
Peas	2.00	4,419,000	1.50	2,583,000
Beans	3.10	1,181,100	2.50	1,094,000
Buckwheat	1.07	3,409,800	0.75	2,636,000
Mixed Grains	0.81	20,709,000	0.50	7,883,000
Flax	2.43	645,500	1.58	146,000
Corn, Husking	1.11	14,335,400	0.75	9,730,000
Potatoes	0.97	23,131,200	1.00	16,984,000
Turnips, etc.	0.28	16,518,000	0.35	12,923,000

	1920		1921	
	Average Price	Total Value	Average Price	Total Value
Hay and Clover ...	24.30	108,356,000	21.25	86,794,000
Fodder Corn	6.85	31,976,000	6.50	27,923,000
Sugar Beets	12.80	5,278,700	6.59	1,641,000
Alfalfa	23.49	9,384,400	20.00	9,038,000
Total field crops....		375,746,900		236,907,000

MANITOBA—				
Wheat	1.83	68,769,000	1.00	48,142,000
Oats	0.56	32,007,000	0.33	19,837,000
Barley	0.80	13,988,000	0.44	9,983,000
Rye	1.35	3,140,100	0.90	3,713,000
Peas	1.10	68,400	2.50	618,000
Mixed Grains	1.87	1,144,000	0.44	274,000
Flax	2.25	2,587,700	1.58	853,000
Potatoes	1.36	4,733,300	0.45	2,853,000
Turnips, etc.	0.93	1,005,100	0.27	306,000
Hay and Clover ...	16.00	4,968,900	13.00	5,090,000
Fodder Corn	19.00	1,412,000	9.00	1,121,000
Alfalfa	22.45	166,400	17.00	338,000
Total field crops....		133,989,900		93,128,000

SASKATCHEWAN—				
Wheat	1.55	175,360,000	0.85	171,696,000
Oats	0.41	58,035,000	0.40	84,541,000
Barley	0.66	6,931,000	0.50	6,645,000
Rye	1.26	3,194,000	0.90	14,790,000
Peas	2.00	73,000	2.50	122,000
Beans	4.00	54,000	2.00	31,000
Mixed Grains	1.25	769,000	0.50	404,000
Flax	1.82	10,383,000	1.58	5,530,000
Potatoes	1.25	8,576,000	0.50	5,172,000
Turnips, etc.	0.94	2,956,000	0.60	800,000
Hay and Clover ...	10.00	3,233,000	11.25	5,015,000
Fodder Corn	18.00	1,127,000	8.50	2,199,000
Alfalfa	20.00	472,000	17.50	469,000
Total field crops....		271,213,000		297,414,000

ALBERTA—				
Wheat	1.52	126,861,000	0.79	41,152,000
Oats	0.36	41,433,000	0.23	21,096,000
Barley	0.62	7,898,000	0.32	4,035,000
Rye	1.25	4,275,000	0.50	1,278,000
Peas	2.00	98,000	2.00	113,000
Beans	4.00	156,000	2.00	13,000
Mixed Grains	1.00	252,000	0.25	98,000
Flax	1.83	1,329,000	1.30	176,000
Potatoes	1.00	7,138,000	0.50	4,072,000
Turnips, etc.	1.00	3,219,500	0.30	378,000
Hay and Clover ...	20.00	9,972,000	10.00	4,549,000
Fodder Corn	18.00	555,000	4.00	280,000
Alfalfa	24.00	1,075,000	11.00	400,000
Grain Hay			10.00	11,335,000
Total field crops....		204,291,500		88,985,000

BRITISH COLUMBIA—				
Wheat	2.20	1,924,300	1.20	1,316,000
Oats	0.96	1,596,500	0.50	1,251,000
Barley	1.50	546,200	0.60	175,000
Rye	2.02	279,200	1.00	118,000
Peas	3.05	211,000	2.50	168,000
Beans	4.50	145,400	2.50	17,000
Mixed Grains	1.25	220,000	0.60	116,000
Potatoes	1.28	3,755,000	0.90	2,646,000
Turnips, etc.	0.81	2,608,000	0.67	1,670,000
Hay and Clover ...	35.00	8,890,000	23.68	7,478,000
Grain Hay	33.12	4,518,000	20.20	3,141,000
Fodder Corn	17.75	962,000	14.50	677,000
Alfalfa	33.71	1,361,900	23.70	1,121,000
Total field crops....		27,017,500		19,894,000

HOW GRAIN WAS SHIPPED

In total volume of grain into Montreal port from May 1 to December 3, the rail route beat the water route by eleven millions of bushels in the biggest grain year the port has ever known. According to figures compiled by the secretary of the Montreal Board of Trade, 64,559,360 bushels of grain arrived in Montreal by lake boats as compared with 75,557,069 bushels by rail in the same period. The grand total of grain by boat and rail reached the enormous total of 140,036,445 bushels of all grains, a volume in excess of all other Atlantic ports combined, from Halifax to Philadelphia and Newport News, including the port of New York.

The figures up to December 3 show the following proportions carried by rail:—

	May 1 to December 3		
	By Rail Bushels	By Water Bushels	Total Bushels
Wheat	29,987,834	26,664,775	56,652,609
Corn	19,859,277	25,734,166	45,593,443
Oats	14,537,498	7,852,169	22,389,667
Barley	4,949,028	2,050,251	6,919,269
Rye	4,625,449	1,897,559	6,523,008
Flax	1,598,003	360,446	1,958,449
Total	75,557,069	64,559,356	140,036,445

Ontario's Industrial Activity Curtailed in 1921

But Results Attained in Manufacturing Centres of the Province Were Better Than Generally Anticipated—The Fall Showed Revival of American Branch Plant Movement—Good Amount of New Enterprise

ONTARIO, the greatest province in Canada, in more ways than one, but particularly in industry, both primary and otherwise, generally speaking, has not had such a bad year after all. That opinion is based on reports from the various boards of trade in the chief centres. These statements do not speak very much of unfavorable features, and no doubt in an effort to be optimistic, such things have been omitted or spoken of hurriedly. Of course, everybody is aware, and admits the fact of curtailment in industry, in which several companies were seriously affected, but on the whole it is quite encouraging to see the amount of enterprise, and in surveying the various manufacturing centres, the number of new concerns starting business, particularly the smaller ones, is surprising.

In the years 1919 and 1920, a big movement in the establishment of branch plants in Canada by American companies took place. Naturally this came to an end when industrial depression loomed on the horizon, and throughout the period of reaction very little work of this nature was proceeded with. But when the fall came, and business showed signs of picking up, the movement started again, and in the latter months of the year many such companies started operations in the province, with the prospects of a large number of others coming here in the near future.

Toronto Continues to Expand

No industrial review of Ontario, or of Canada for that matter, would be complete without some mention of Toronto, for the city enjoys the distinction of being the financial centre of not only of Ontario, but of English-speaking Canada. Toronto, like most other cities, experienced a curtailment of industrial activity during 1921, which, of course, meant a good deal of unemployment. But much of this was off-set by developments in other lines, particularly in connection with the harbour and the rehabilitation of the street railway.

It might well be said that a feature of the city's industrial experience last year was the taking over of the street railway from the Toronto Railway Company, which resulted in the commencement of the reconstruction of the system. Old tracks and roads have been torn up, and new ones laid in their stead. New cars have also been instilled. Some \$10,000,000 was raised for this work, and it is likely that before the system is restored to good order, more will be spent. It will be recognized that not only was work supplied to thousands of men in rebuilding the new system, but incidental industries, such as those which manufacture cement, steel rails and accessories, cars, etc., would be quickened by the demand for their products. In regard to these manufactures, however, the industries of Toronto took very little part, a great deal of the work being done outside.

In a survey of conditions during the past year, E. L. Cousins, chief engineer and manager of the Toronto Harbour Commission, and industrial commissioner for Toronto, states to *The Monetary Times*:—

"In the eleven months ending November 30th more than a score of new industrial firms have located in Toronto. The fact that the year 1921 will not equal 1920 in the number of new concerns commencing business in this city is naturally attributable to the general depression of business.

"Another cause for many American companies postponing the establishment of Canadian branches has been the high cost of construction and building. The number of firms who did, however, commence operations in Toronto during the past year has been more than naturally ex-

pected and this city has received a very satisfactory proportion of those who came to Canada from other countries.

"During the past few months a very decided increase in business optimism is noticeable in interviews with Canadian and American industrial leaders. The general feeling is that the depression is over and busy times just a block ahead. It is generally believed that the early months of 1922 will see a return to prosperous times.

"Many American and British concerns are now actively investigating the Canadian market from the viewpoint of establishing branch plants and a number of Canadian firms are considering expansion and more modern facilities.

"The new areas being developed by the Toronto Harbour Commissioners in the Eastern Harbor Terminal for industries requiring large areas of land and in the Central Harbor Terminals for warehousing and light manufacturing are receiving much attention. The fact that these new properties have everything to offer in the way of transportation, both by rail and water, electric power and, in fact, every facility a manufacturer might require, has placed Toronto in a pre-eminent position for securing new industries.

"In the United States, especially the deflation of prices has proceeded more rapidly than in Canada and that country now having reached the turning point in business it can, I think, be confidently expected that Toronto will, during 1922, receive more new industries than in any previous year."

Hamilton Fairly Prosperous

While the abnormal conditions existing during the past year have militated against industrial expansion, Hamilton has enjoyed a fair measure of industrial prosperity, nineteen new industries, several of them Canadian branches of American concerns, having located here since the beginning of the present year. With but few exceptions, however, the newcomers are occupying buildings formerly occupied by other industries, there having been less industrial building during the past year than in any twelve months since the close of the war. This has been due largely to the unsettled conditions throughout, not only the Continent of America, but practically the entire world. With the future somewhat beclouded, the manufacturer has shown, and is still showing, a tendency to move more cautiously than was the case during the prosperous war years and the two years immediately following, and wherever possible he has secured a short-term lease on an existing building, rather than tie up considerable capital in building to suit his own requirements, when there is so much uncertainty regarding what the future holds in store. Unsettled building conditions have also had a detrimental effect, there being a feeling common to all classes that building costs, both labor and material, are bound to take a drop. There has already been a considerable decline in building costs, but it has been so gradual that it has scarce been noticed, although very substantial in the aggregate and, at least, so far as Hamilton is concerned, there are unmistakable signs that if the decrease is maintained until next spring, the next year is going to be an exceptionally busy one for the building trades.

While it cannot be said that Hamilton manufacturers have been marking time, it cannot be denied that the depression of the past year has been pretty generally felt and that few, if any, industries have enjoyed even a normal year. Not many have found it necessary to close their doors entirely, even temporarily, but almost without exception they have at some time during the year been forced to curtail production, either by shortening hours of operation or reducing their staffs. As a result, there

has been an unusual amount of unemployment, but in this regard a marked improvement has been shown during the early fall months, and there is every reason to believe that the peak has been reached and passed and that the next twelve months will see a gradual return to normal conditions, with both wages and living costs lower than they have been during the past few years.

Belleville Had Active Year

A list of the more important industrial developments at Belleville during 1921 indicate that the city had a fairly busy year, notwithstanding the depression.

The organization of the Tiger Tire and Rubber Co., and its development into a going concern. About 85 employees. The organization and building of a new foundry, known as the National Castings Limited.

Development of Natural Tread Shoes, Limited, as a going concern, for the manufacture of that type of shoe, with branch stores for the retail trade of same in Peterborough, Belleville and Toronto.

The Alemite Co. of Canada, a branch of the Bassick Mfg. Co., of Chicago, for the manufacture here of the famous Alemite lubricating system for automobiles.

Reorganization of the Asbestos Pulp Co., Limited, for the manufacture and preparation of various talc products. Not likely to commence operations here before the spring of 1922.

Ashley Knitting Co., for the manufacture of sweaters and other knitted products. Not a large employer of labor as yet, but likely to increase its staff. Enlargement of the Springer Lock Mfg. Co., by a wing that will greatly increase its capacity.

Welland Looks to Busy Future.

While Welland has not had such a busy year industrially, 1922 offers great promise. The Joseph Stokes Rubber Company of New Jersey erected a plant. The building is composed of brick construction. The plant is now under operation and employing about 50 people, but they expect to employ in a normal production period about 80 hands.

The Scottish-Canadian Fertilizer Company of Scotland, is now erecting a steel fabricated fertilizer plant that will cost in the neighborhood of \$100,000. This plant is expected to employ about 100 people when completed. They expect to enter production early this year.

Hydro Appliances Limited, a new corporation of Canadian capital, has purchased the Dominion Cannery plant at Port Robinson and have taken over the Canadian rights of a patent electric washer now produced in the United States. This company started delivery of their products about December 1st.

The National Cooperage Company have purchased the plant of the Supreme Heating Company in Welland. In this plant a patented automatic barrel with tongue and grooved staves will be produced. This barrel is made entirely by machinery which is now being constructed in Windsor. It is expected that the installation of the machinery will begin about January 1st. This plant expects to employ about 30 or 40 people.

Over 100 American and British firms are making enquiries in regard to the Welland district, and negotiations are on with several other plants that look hopeful for closing, so that construction of the plants can start early in the year 1922.—Industrial Commissioner, Welland.

Pulp Company at Fort William

The most important item of industrial development in Fort William during the year was the completion of the pulp plant of the Fort William Paper Company Ltd. This plant is located on what is known as the Mission Site of the Fort William water front. It began actual operation on April 30th last, and has been in continuous operation since that date, the capacity being 250 tons of dry pulp per day.

Additions have been made to several of the existing grain elevators. Additions have also been made to the plant of the Canada Iron Foundries.

Operations of the Canada Car & Foundry Company were temporarily suspended for lack of orders, but was resumed and well under way before the close of the year.

No industries have moved away during the present year. With the exception of the Canada Car & Foundry Co. plant all industries have been fully occupied and operating.

New Industries for Woodstock

Woodstock is a woodworking and textile centre. During the summer months the textile industries were fairly busy and at the present time are operating to capacity, in fact, working over time, and prospects are that the different factories here will be busy until spring.

As regards the woodworking industries, they have all been very, very quiet during the summer months. Several of them were shut down for short periods and are at present operating on short time with reduced staffs. However, during the recent months, orders have been coming in a little more freely, and the prospects seem to be that business will be fairly good until the end of January. After that time, no one knows.

A remarkable feature about the labor situation here is that during the summer months a large number of men who were laid off found work to do of some kind or other and not many were in a position of being unable to find any work of any kind. The metal trades are busy, particularly in the stove industry.

During the year five new industries established themselves in Woodstock. The Kirsch Mfg. Co., of Sturgis, Mich., manufacturers of curtain rods and house furnishings; Candian Ironing Machine Co., manufacturers of the Simplex ironing machine; the Milko Co. Ltd., a local organization, manufacturing milk products; Lewis E. Myers & Co., of Valparaiso, Ind., manufacturers of desks.

The city has been very active this year in permanent improvements. The city's area of permanent streets has doubled in the past ten months, at a construction cost of \$162,539, with a total expense for permanent local improvements of \$214,035.—Secretary Woodstock Board of Trade.

Peterborough Affected Slightly

Owing to the diver-nature of the local industries the general trade depression during the past year has not affected Peterborough to any great extent, as compared with other industrial centres.

There have been no shut-downs during the present year. During the first half of the year the textiles were very slow, owing to the falling off in the wool market, and by July conditions brightened again, and at the present date the textile industry is brisk. The iron trades have fallen off during the past few months, but are expected to resume normal conditions about the first of next year.

St. Catharines, Ontario

During the past year two new industries have located in St. Catharines, and while they are beginning in a small way, there is every indication that their business will develop to large proportions with the return of normal conditions. There has also been considerable activity in the establishment of small industries that may in the course of time grow to considerable size.

On account of the existing conditions, there has not been much expansion among the older concerns. The majority of the larger factories are operating with a reduced staff, while one or two of the smaller plants have practically closed down temporarily.

Indications, however, point to an increased industrial activity at an early date, one concern having sufficient orders that will enable them to operate at full capacity in the very near future. Other companies have also reported recently a slight increase in business.—Manager St. Catharines Chamber of Commerce.

Normal Year for Stratford

Stratford is essentially the centre for the manufacture of high-grade furniture, but there is also a large and varied line of other industries.

While no new industries began operations last year,

a number increased their lines of manufacture. The McLagan Phonograph Co. Ltd, greatly increased, and the Kindel Bed Co. Ltd, also added an addition. Duftons' Ltd. have greatly enlarged their plant and are now making velours, suitings, etc.

Most of the factories, exclusive of the textiles, are working practically to their normal capacity.—Secretary-Manager Stratford Chamber of Commerce.

Chatham Industries on Part Time

The Mack Furnace Co., manufacturing pipe and pipeless furnaces; International Speed Truck, manufactured by the International Harvester Co.; Weaver Canadian Co., branch of a U. S. concern, manufacturing automobile accessories; the Excelsior Knitting Mills, manufacturing knitted goods. These were some of the important additions which were made to the industrial life of the city in 1921.

Like other cities, our manufacturers are very quiet, and only running part time.—W. R. Langdon, Chamber of Commerce, Chatham, Ont.

Considerable Building at Galt

There has been considerable activity in the building trade at Galt during the past year, although as far as additions to industrial plants were concerned, there was little work. The principal outlays for the year were \$500,000 on municipal improvements, and \$200,000 on a new structure for the Public Utilities Commission. The Royal Bank of Canada saw fit to erect a new building, which indicates that business was not so bad there as might have been supposed by the record of other places.

New industries which started during the year, having found accommodation in existing buildings, include the Arrow Signal Lamp Company; Beaver Saw Works; Galt Chemical Products, Limited; Galt Wood Products Company; Gill Brass Goods Manufacturing Company; Hi-Speed Tools Company; A. E. Johnston, manufacturer of wicker furniture, and the Stevens Pattern Company.—Secretary Galt Board of Trade.

Border Cities Optimistic

You have asked for a few words on the more important industrial development that has taken place in these Border Communities within the past twelve months. I might say that some twenty-eight small concerns have established during that period. All of these appear to be doing remarkably well.

We have had no large industrial development during 1921 for the obvious reason that big manufacturers naturally hesitate to embark upon any extensive capital expenditure with the inevitable prospect of writing off a considerable percentage of same within six months or a year thereafter.

I might say, however, that reverting to Horace, who if I remember aright, remarked a few years before the Christian era that in times of peace the wise individual made suitable preparation for war; and, I think this applies entirely to the situation. When manufacturers were hysterically busy with fictitious orders they had no time to consider their Canadian possibilities; but, to-day, when cancellations have reduced their orders very materially, they are beginning to look around;—and, for the first time, we are finding Americans really seriously considering their Canadian possibilities. As a result, innumerable enquiries are being received from such good people. They want to know this and they want to know that;—and they recognize that the business of a Continent while sparsely populated, is nevertheless as large as Europe, is something worth going after in an intelligent way.

During the past two months, I have received more enquiries with regard to the industrial recommendations of the Border Cities than during the previous two years; and I am glad to say that many of such enquiries are very important.

So far as the present is concerned, we are not conscious in a serious sense of the tragic unemployment situation which has disrupted less favored Ontario industrial centres.

It is true that we have not been as busy as we would like to have been. Nevertheless, we have been well employed;—and, so far as the future is concerned, we do not see why there is any reason that we should clothe ourselves in sackcloth and ashes. As a matter of fact, we are entirely encouraged; we have never lost heart; we have had no reason to lose heart; and we confidently believe that we have the greatest future of any industrial centre in the entire Dominion of Canada, and we believe it with logical reason. F. Maclure Sclanders, commissioner Border Chamber of Commerce.

Sault Ste. Marie

In spite of the general business depression, Sault Ste. Marie has come through the year 1921 without a single mercantile failure of any importance and with a comparative small amount of unemployment.

During the month of March the plant of the Algoma Steel Corporation suffered a partial shut down due to lack of orders and for nearly eight weeks beginning early in May, work was suspended by the Spanish River Pulp & Paper Mills Ltd. on account of the paper makers' strike. These two great industries, as well as the smaller industries in the city, have since been operating at from 75 to 100 per cent capacity.

In September last the Everett Manufacturing Co. Ltd., formerly of Chicago, began the erection of a factory for the manufacture of ironing boards and other lines of wooden ware. It is expected that the company will begin operations early in January next.

Considering general conditions, there has been marked activity in the building trades throughout the year. One feature was an addition to the plant of the Great Lakes Power Co. costing over \$1,000,000. Secretary Sault Ste. Marie Board of Trade.

Stability In Kitchener

The outstanding feature of the industrial situation in Kitchener during the past year has been an evident stability despite the abnormal conditions that have prevailed during the last year and a half. Unemployment hit the city like others but the shock was not felt to the same extent as in many other cities and towns. The local conditions also revealed more resiliency in the trend to return to normal or something like it.

The rubber industry was among those which were hit hardest by the slump, especially in the tire line, the export trade which formed a large share of the trade having been cut off. The furniture industry also was hit hard. Conditions in the last named line are improving steadily as they are in most other lines and the outlook for the next year is comparatively good. The prices of houses have come down slightly, possibly ten per cent., for the buyer, but rents remain as high as ever.

One feature that is noteworthy is the fact that the plant of the Dominion Sugar Company did not operate this year. This plant in other seasons relieved the unemployment situation because it required 300 to 400 men to operate the plant. It is expected that the plant will again be running next year. Its operations during the three or four months in the fall and winter season have been an asset to the community.

Several Industries For Brantford

Additions to factories this year have been few and far between. A number however have taken advantage of the opportunity presented through the unemployment period of thoroughly renovating and repairing their plants; this has given work to quite a number of men.

A few of the larger establishments are working short time and on the relay system, that is, one group of men may work three days and another group of men carry on for the next three days and so on, the effort has been to provide employment first for married men with families. During the year the Dominion Flour Mills erected an elevator with a capacity of 100,000 bushels.

Some sixteen industries, mostly small, were established during the year. Manager Brantford Chamber of Commerce.

Industry in Quebec and Maritimes

While Business Was Not By Any Means Brisk, It Was Characterized By Stability—Sherbrooke Had An Active Year—Ordinary Developments in Maritime Provinces, But Outlook Is Better Than a Year Ago

NOT having experienced the same feverish activity as was found in Ontario and Western cities in 1919 and part of 1920, Quebec and the Maritime Provinces did not suffer the pangs of readjustment to the same degree.

The trade situation in Quebec last year was not exactly brisk, but it was steady. Building permits in Montreal and Quebec city showed increases, as compared with substantial decreases in other of Canada's largest cities. Municipal assistance to industries is now forbidden by provincial law, but notwithstanding there are several good prospects. Sherbrooke showed notable expansion during the year.

As regards the Maritimes, there is not much to say. Business was not characterized by any feature, but stability was in evidence. St. John, N.B., is the only city which has notable events to report.

It is not necessary to look far afield for evidence of increasing activity of business. Though opinions regarding the business outlook vary considerably, there is no question that the improvement in business which set in last summer still continues. Industrial and commercial activity is growing and unemployment is decreasing. That is the local condition, but improvement in general can never continue unless it is backed by national and international improvement. The fall in prices of farm products serves to still further cripple the buying power of the agricultural districts, and makes impossible that full and free exchange of the products of the farm and factory on an equitable basis, which is necessary for good business. Further readjustment of prices of manufactured goods must take place. There is the situation. Agriculture is our greatest industry and until its buying power is restored either by a rise in the prices of agricultural products, or by a fall in prices of manufactured products, we cannot have industries fully employed. The same things may be said of our second largest industry, the railroads. Their buying power is very limited.

Increasing Activity in Sherbrooke

The industrial development during the year 1921 in Sherbrooke has been satisfactory from many points of view. The completion of the new plant of the Canadian Connecticut Cotton Mills, manufacturers of tire cotton fabrics, represents an investment of over \$5,000,000 and in normal times will give employment to over 2,000 employees.

The new plant of the Julius Kayser Company was completed this year. Their production consists of high-grade silk gloves, hosiery and underwear and represents an investment of over \$3,000,000 and gives employment to about 1,000 employees.

The Superheater Company, Ltd., manufacturers of superheaters for locomotives, marine and stationary boilers; number of employees, 150; cost of plant, \$250,000.

The extension of the Sherbrooke Machinery Company, manufacturers of pulp and paper machinery, was erected at a cost of \$100,000, and will enable this concern to double its production; number of employees, 100.

J. H. Bryant, Ltd., manufacturers of aerated waters, is one of the most modern plants of its kind in the country, which was erected at a cost of \$75,000. This concern is doing good business and their products are being sold all over the country. They give employment to over 50 employees.

The new plant of the Canadian Sturdy Chain Company, manufacturers of high-grade gold, silver and platinum jewelry, was erected at a cost of \$50,000. This new organization will give employment to a personnel of 150.

Goupil, Ltd., manufacturers of chocolate, candy and ice cream, have erected a modern plant of brick construction at a cost of \$50,000, and give employment to about 50 employees.

The Office Requirements, Ltd., manufacturers of blank books, loose-leaf system, rubber stamps, etc., purchased a three-storey building at a cost of \$50,000 on the main business thoroughfare. This concern is doing good business and have a progressive management. They employ 50 employees.

The new plant of the Pressure Proof Rings, Ltd., manufacturers of piston rings, was also completed this year at a cost of \$25,000. Number of employees, 25.

Another new industry for Sherbrooke is the Canadian Vesta Battery Company, Ltd., manufacturers of automobile batteries and is an additional link in making Sherbrooke an automobile centre. At present we have large factories manufacturing automobile tires, tire cotton fabrics, rubber accessories and piston rings.

In reference to the industrial situation in Sherbrooke at the present time, we can say with satisfaction that during the last depression, not one of our plants has been shut down, although some had to curtail production, but to-day we find all our industries busy and increasing their production. The increase in incoming orders are in evidence more and more as we are nearing the new year.

The Board of Trade at the present time is in negotiations with two large concerns, manufacturers of asbestos products.

Building Active in Quebec

During the year there has not been any important new industrial establishments in the city. No additions to existing industries have been made. Building construction has been very active during the year. The principal constructions being schools, churches, business blocks and a large quantity of residences. Quebec is one of the two cities in the Dominion with a population of over 100,000 showing an increase for building permits for the first nine months of 1921 over the same period of last year, Montreal being the other.

Some of the industrial establishments were not very busy. But there were few shut down. The clothing industry and the tanners and curriers were among the trades to suffer the most from the depression. The boot and shoe industry is gradually getting back to normal again. A marked improvement has been noticeable during the last few weeks. The leather industry in the city being the most important one, it will mean much to the citizens to see it get back to normal again. In examining the last detailed figures published, this being the industrial census of 1918, we find that this industry represented over 30 per cent. of the total production in the city, about \$13,000,000 from a total of \$38,000,000.

There have been no strikes to affect any of the industries. The police officers and firemen declared a strike at the end of June last, but were forced to accept an unconditional surrender, and the city refusing to recognize their unions, they were hired back individually and on their merit.

The building laborer's union tried a strike in July last, their demand could not be granted by the contractors, plenty of men being ready to work for the wages offered, so it did not affect any contracts.—Industrial Commissioner, Quebec.

Industrial Development at St. John

Industrial development and port development have not been carried along on very broad lines in the St. John district the past year. On both sides a waiting game has been played, but with the industrial advantages that St. John offers, with the possibilities of cheaper power that are behind the new hydro-electric scheme which the Provincial Government is working out, and with the potentialities of the port as the chief winter resort of Canada, better things are looked for in the early days to come.

Recently rapid progress has been made in the direction of an oil bunkering plant for the port. A tank with a capac-

ity of 55,000 barrels has been erected at East St. John, on Courtenay Bay, by Mr. Allan G. McAvity, and it is expected that a wharf will be constructed and piping laid in time for the use of ocean shipping the coming winter.

Just alongside the oil bunkering plant the St. John Dry Dock and Shipbuilding Co., Ltd., are working on the new dry dock, which will be 1,150 feet in length. Concrete is now being laid in the dock area.

Within the year the government has established a wireless direction-finding station at the entrance of the port. This has been found most useful by shipping entering the bay.

A new immigration building of convenient type has been erected on the west side of the harbor, through the co-operation of the Immigration Department and the Canadian Pacific Railway.

The Canadian Pacific Railway has just completed the construction of a steel railway bridge across the Reversing Falls. It is of a very substantial character and will enable the railway to handle passengers and freight much more rapidly and conveniently than in the past.

The Public Works Department has made a start in providing live stock shipping facilities on the western side of the harbor. One of the government sheds at Pier 15 is being used for this purpose. It will have a holding capacity of about 600 head of cattle. Some shipments for the month of December through this port have already been booked. The providing of these facilities by the government will lead to the C.P.R. furnishing cattle sheds at Brownville, or some other nearby point, so as to care for any cattle that may be passing through this way over their line. The new west side facilities will be open to both the C.P.R. and the Canadian National Railways.

With reference to manufacturing industries, the Cornwall and York Cotton Mills Company have just completed an extensive power station alongside their York mill on the Courtenay Bay front.

T. McAvity & Sons, Ltd., are preparing for the carrying on of mechanical manufacturing at their new plant on Rothesay avenue.

Clarke Bros., who carry on pulp manufacturing at Bear River, N.S., have recently established a fibre container plant at Glen Falls, alongside the city.

The Stephen Construction Company have purchased the Lee brick-yard on the Red Head Road, which has been idle for several years past, and intend resuming the manufacture of bricks on a large scale.

Spice manufacturing in St. John has taken quite a leap the past year through the G. E. Barbour Company, Ltd., taking over the Ready brewery buildings on Peel street, and through the formation of the Canada Spice and Specialty Mills, Ltd., which firm is functioning in the former Dearborn spice building.

The Pacific Dairies, Ltd., and the Purity Ice Cream Co., Ltd., are carrying on the manufacture of ice cream on a large scale in the city.

The Campbell and Fowler edge tool and auto spring manufacturing plants have merged together recently and are now carrying on as Campbell & Fowler, Ltd., on City Road.—R. E. Armstrong, secretary St. John Board of Trade.

Better Outlook in Truro

Truro has nothing of importance to report, for no new industries opened in the town or vicinity this year.

However, all of those previously in operation are still carrying on, and the outlook is better than a year ago.—Secretary Board of Trade, Truro, N.S.

Fredericton Had Quiet Year

Fredericton, the capital of the Province of New Brunswick, experienced no marked industrial development during the past year.

The industrial position of the city as a whole, however, was marked by stability. No new manufacturing plants located there, but none moved away, and there were no shutdowns.—R. H. Simonds, secretary Board of Trade, Fredericton.

Halifax Confident of Future

Notwithstanding the falling off of trade through Halifax Port during 1921 compared with 1920, it is found when comparing with the normal year of 1913, as a portion of 1914 was interfered with by the opening of the war, the progress over that year compares favourably with the progress of normal years. Comparing the figures, they are greatly in excess, but of course are made up of values and not of bulk.

The total trade through the port during the year 1913—imports and exports, amounted to \$30,000,000, and not even the most optimistic predicted that in 1918 these figures would reach \$156,500,000, but the increase was made up largely of munitions of war, and when the war stopped, it was felt that our figures would not be much more than in normal years. In 1920, the exports totalled \$54,500,000 while this year to the close of November, they totalled \$32,653,139 and will probably reach \$35,000,000 at the close of the year. To this must be added the imports, which, for the 11 months of the year valued \$15,104,159, making a total of \$50,000,000, but as stated before, the increase is largely made up of values.

Customs receipts for the 11 months of this year total \$2,146,455 and will probably reach \$2,400,000 at the close of the year, or a decrease when compared with 1920 of over \$1,000,000. While values have gone up in this respect, imports in quantity have fallen off.

The Port tonnage keeps up well—that is, in gross shipping tonnage. In 1913 our total tonnage, inwards and outwards amounted to 3,901,094; in 1918, it totalled 17,000,000, but dropped to practically 5,000,000 in 1920; for the 11 months of 1921, it figured 4,442,749 and will probably reach 4,500,000 when the month of December is included. Comparing it with 1913, this is a considerable increase, but it is owing to the fact of the establishment of the oil works since that date and the large number of ships delivering and calling here for fuel oil.

Building permits for the 10 months ending November 30th totalled \$2,161,198 and will probably amount to \$2,190,000 for the year—considerable falling off when compared with last year when they totalled \$3,420,329, but are considerably in excess of the normal year of 1913 when they amounted to \$879,320 only. During the year, several fine business buildings have been erected. Among them, those in connection with Dalhousie University, two telephone exchanges, a modern retail dry-goods store, High School, Bank of Montreal, and practically 300 new dwellings—at least one of them costing upwards of \$40,000.

Bank clearings have fallen off in keeping with other figures. For the 11 months closing November 30th, they totalled \$168,364,210, and will probably reach \$180,000,000 for the year—compared with \$255,678,397 for the year 1920, but an increase when compared with 1913 when they totalled \$105,347,626.

Business conditions, both wholesale and retail, can hardly be reported as having been entirely satisfactory—prices have been gradually falling when compared with a year ago, and some firms were caught with fairly heavy stocks. While the number of failures have been in excess of previous years, they have been small and have included a number of stores recently starting business with an inadequate capital and could not stand the strain. At the present time, there are about 800 unemployed registered, while the population of the city stands at 63,000 so that compared with other cities, we are probably somewhat better off in this respect.

The feeling among the merchants regarding the coming year is that of optimism—it generally being considered quiet times during readjustment have enabled many business firms to adjust matters in keeping, and confidence is expressed in a more favourable year's business during 1922. Secretary, Halifax Board of Trade.

MASSEY HARRIS CLAIMS.

Thomas Bradshaw, manager of the Massey Harris Company, visited Germany last June and secured a settlement of the company's claim of \$1,500,000 against Germans.

Industrial Expansion in Western Canada

Notwithstanding the Depression Last Year, a Considerable Amount of Progress in Manufactures Is Reported, Particularly in Manitoba—Progress in Alberta Oil Fields—Possibility of Establishment of Pulp Industry in the West

THE basic industry of the Prairie Provinces has always been agriculture, is now, and no doubt always will be. Fertility of soil and dryness of climate have in fact made the prairies one of the most productive parts of the continent for field crops. Wheat of fine quality is the particular product. But notwithstanding, Western Canada is growing in importance in manufactures. Particular attention is drawn to the expansion which has taken place during the past year in Manitoba, with the establishment of many new industries. Of course the development is taking place in the larger cities, of which Winnipeg is the centre.

There is a possibility of the pulp and paper industry commencing in the Provinces of Manitoba and Saskatchewan, although nothing definite has been arranged, with the exception of the sale of many miles of timber limits in Manitoba by the Dominion Government last summer. Manitoba is blessed with an abundant supply of water power, while Saskatchewan has extensive deposits of sodium sulphite, which offer good possibilities for paper making.

Special progress was made in the oil production industry in Alberta last year, with many new districts opened. The coal mining industry also continues to offer good opportunities. In all provinces of the West there are large mining areas, which still await development.

British Columbia did not enjoy a very good year. Two of its most important industries, lumber and fishing, experienced, poor results, which, of course, meant a good deal to the lumber and pulp mills, and the canneries. However, a considerable number of new manufacturing companies were established last year, although most of these were small, and not very significant.

Winnipeg's Expansion in 1921

Eighty-six new industries established in Winnipeg during 1921. In the list are included garages, printing shops, knitting factories, furriers, hotel supplies, candy factories, woodworking plants, cabinet factories, implement factories, electric appliance factories, lamp manufacturing, saw mill, broom factories, builders' supplies, picture framing, ice cream cone factories, etc., etc.

In addition to this list, 172 businesses have been established. The list includes civil engineers, coal companies, meat markets, candy stores, restaurants, livery stables, dentists, grocers, grain dealers, stationers, and numerous retail establishments.

Two important undertakings which are linked with Winnipeg's industrial expansion are extension of the city of Winnipeg power plant on the Winnipeg River, giving an additional capacity of 30,000 h.p. and increasing the present capacity to 60,000 h.p. The Manitoba Power Co. has commenced operations on a power plant on the Winnipeg River which will have a capacity of 160,000 h.p., and will cost approximately \$10,000,000.

Among the largest contracts of the year in downtown Winnipeg are: additions to the Olympia Hotel, \$200,000; Manitoba Medical College, \$175,000; Aberdeen school, \$190,000; Union Bank of Canada addition, \$120,000; warehouse, \$100,000.—Secretary Winnipeg Board of Trade.

Conservatism Regina's Keynote

Conservatism has been the keynote in respect of industrial and commercial expansion in the city of Regina during the past year.

There has been satisfactory progress in mercantile circles, as evidenced by the establishment of distribution branches by several well known houses, and by material

extensions in the plants of concerns already located at this point.

The outstanding feature of this phase of the city's development has been the conversion by Imperial Oil, Ltd., of their refining plant into a "continuous" system, at a cost of approximately half a million.

Construction work has been quite brisk throughout the year, mainly along residential lines, no less than four hundred new houses having been built. These, with several new commercial enterprises, bring the total of building permits within measurable distance of those of the previous year, when a number of pretentious structures helped to swell the total.—Secretary-Manager Regina Board of Trade.

Extensive Building in Brandon

This has been Brandon's largest year in the matter of building permits issued for construction, although the construction work has not been confined entirely to industrial concerns. During the year the Imperial Oil Company built a new plant here, costing in the neighborhood of \$350,000, and is now serving one of the largest of the company's districts in the west. The Massey-Harris Co. also recognized the city's ideal situation as a distributing centre, and they have taken over the Gordon Mackay building here, purchasing the big building at an approximate cost of \$130,000.

A new iron foundry works will probably start operations in the new year. This company will take over the premises occupied by the Manitoba Engines Ltd. The L. R. Steel company purchased a site for a big departmental store here, but have not yet opened up business.

Various extensions have been made to local industrial concerns, and the year, from a business standpoint, has been one of the best. Brandon is the centre of a large agriculture district, and the Provincial Government came to the aid of the Winter Fair Association this summer, with the result that a new winter fair area, costing \$150,000 has been erected. A new box factory, owned by John Hanbury, is to start business soon. Building permits for the year totalled nearly \$1,000,000.—Secretary Brandon Board of Trade.

Satisfactory Year For Moose Jaw

The year 1921, taking all things into consideration, has been satisfactory. Building operations, whilst not so great in volume as in 1920, have been very good. Sixty private residences have been erected, practically all for private citizens for their own occupation. Other construction activity included three additional public school buildings. The city has carried out an extensive program of permanent road construction and made additions to the light and power plant.

A new industry for Moose Jaw was secured through the activity of the Board of Trade; a branch factory of the Imperial Optical Company, Ltd., of Toronto.

While the deflation of prices and the consequent adjustment of stocks has made the year a difficult one, the basic soundness of the city and district is reflected in the fact that there have been no noteworthy assignments and no businesses of any size have ceased operations. The temporary closing of the Gordon, Ironside & Fares packing plant was due to the great shortage of hogs; while the hog situation is improving, it is as yet impossible to forecast when the supply available will be such as to enable the plant to resume operations.—Secretary Moose Jaw Board of Trade.

No Great Progress in Victoria

In common with the world conditions the city of Vic-



At thirty-three he was the head of a promising little business of his own

At thirty-five he was back again at a job; a cog in a big machine



Will you be one of the 38.2%?

FIVE years ago a man of thirty took his savings, and the savings of some of his friends, and embarked in business for himself. He was honest, industrious and attractive; there seemed to be every reason why he should succeed.

Today, at thirty-five, he is filling a departmental position in a big concern—a position no better than the one he left five years ago.

What happened to his business that promised so much? Fraud? No. Lack of capital? Not primarily. Neglect? Not at all.

The trouble was with the training of the man. *He was an expert salesman, but he knew absolutely nothing of the other phases of business.*

The failures the Institute could prevent

He could sell goods, but he was wholly ignorant of factory and office organization and control. Costs and accounting were foreign languages to him; transportation, advertising, corporation finance—he made mistakes in every one of them, and each mistake cost him money.

He belonged to the 38.2% of business failures whom Bradstreet groups under the tragic head: "Incompetence."

It is these failures—and those due from "inexperience" and lack of capital (which is merely another word for bad judgment)—that the Alexander Hamilton Institute can prevent.

For its Modern Business Course and Service is designed to round out a man; not to make him a better specialist in the single department he already knows but to give him a working knowledge of all other departments.

Here are the Reasons why Men Fail

as reported by Bradstreet

Cause	
*Incompetence	38.2%
*Inexperience	5.6
*Lack of Capital	30.3
*Unwise Credits	1.3
*Fraud	7.0
Speculation	.7
Specific conditions	11.3
Competition	1.1
Neglect	1.7
Extravagance	1.1
Failures of others	1.7
Total	100.0%

*These are the needless failures that a well rounded business training would prevent.

Lack of training in the fundamentals which underlie all business makes men incompetent leaves them ignorant of the poor risks for capital; blinds them to the ordinary safeguards of credit extensions; and exposes them to all the frauds which prey on business ignorance.

That is why so large a proportion of the thousands of Institute men have stepped from mere positions into businesses of their own, and have achieved unusual success.

Will you work all your life in a routine job?

You may never have thought of it in this way but you are paying for the training of the Alexander Institute whether you accept it or not.

If you do accept it, the cost is a little investment in money and time. But who

can figure what the cost of indecision and delay may be?

Suppose tomorrow an opportunity comes in your present organization for a trained and self-confident man to step up into the class of executives? Or suppose some day you, with your savings and experience, start a business of your own.

Most men look forward to such a day—the day they will be made executives or go into business for themselves. It is the beginning of real independence. Will you be equipped when that day comes?

"Forging Ahead in Business"

The Institute has helped thousands of men to shorten their path to independence. It makes no special argument; it asks only for an opportunity to lay the full facts before thoughtful men for their consideration and decision. The facts are gathered into a book of 120 pages entitled "Forging Ahead in Business."

It explains the Modern Business Course and Service in full, and tells just what it has done for other men in positions similar to yours. Any thoughtful man may have a copy by mail on request, and without obligation. For your convenience we attach a coupon and suggest that you fill it out now.

Alexander Hamilton Institute

299 Astor Place New York City

Send me "Forging Ahead in Business" which I may keep without obligation.

Name *Print here*

Business Address

Business Position

Canadian Address, C.P.R. Bldg., Toronto; Australian Address, 42 Hunter Street, Sydney.

toria and vicinity shows no great advancement during the past year. It is gratifying, however, to find that progress has been made. The fruit and agriculture crops, generally, were above average.

The commencement of the construction of the drydock at Esquimaux and the completion of the Hudson's Bay Store, commenced before the war and recently opened for business, encourage the outlook for future prosperity. Building operations were not extensive but the aggregate for the previous months of this year is \$662,708, which exceeds the total of last year, 1920.

The following are some of the industries recently established in this city: B. C. Yacht and Boat Builders; Canadian Abrasive Paper Co.; Canadian Western Woodworkers; P.E. George (gramophones); Henshall Fish Products, (Sooke, B.C.); Hiker Manufacturing Co.; Veterans' Product Co.; Victory Attachable Rubber Soles and Heels Co.; Wholesale Fish Co.; Sidney Roofing and Paper Co. (recently moved in from Sidney).

The payroll of Victoria and vicinity is approximately \$5,000,000 per annum, and there has not been much change this year.

It is gratifying to record the feeling prevailing that the worst of our depression is over and that from now on a steady advancement to normal conditions may be expected.—Secretary Victoria Chamber of Commerce.

Edmonton's Experience Not Bad

Industrial developments in Edmonton during 1921 show a small addition in the number of new establishments and a small expansion in a number of the old ones. New industries are represented by the Dominion Furniture Co., the Dominion Carton & Printing Co. and the Edmonton Silver Plating Co. These useful units of the industrial community have begun in a moderate way and are making substantial progress. The North West Biscuit Co. Ltd. having outgrown the capacity of its old plant, has completed and moved into a splendid new factory that represents an investment in building and equipment of \$400,000. The new Journal Building, one of the finest in Western Canada, built by the Edmonton Journal Publishing Co., was completed in March, at a cost of \$240,000. Two new public buildings have been erected this year, the Royal Alexandra Hospital, at a cost of \$287,000, and the Medical Building of the University of Alberta, costing \$850,000. But the most gratifying phase of the building operations in Edmonton this year has been the erection of moderately-priced homes by actual residents and owners. Over 200 houses of this class, at an average cost of \$4,000 each, have been built in the city.

The out-put of industrial plants has been close to normal, except those that depend upon foreign export for a large output. In the dairy, garment and biscuit industries the turnover has been ahead of that of a year ago at the same date. One of the large creameries closed its doors during the year, not, however, for want of customers for the consumption of milk and its products is increasing. A number of small bakeries amalgamated under a strong corporate management.

The slump in the live stock market has reduced the output of the packing houses, and there will be a falling off in the production of flour and lumber. Coal, however, is anticipated to be close to last year's production.

Bank clearings show a shrinkage of over \$20,000,000 compared with the eleven months of 1920. The percentage of decrease compares most favorably with other financial centres in Western Canada.

Although prices of commodities are lower than a year ago, retailers report larger sales than last year in most lines. This is due in part at least to the fact that reduced prices have tempted the buying public who have been holding back since the sharp upward curve of commodity prices after the close of the war. It represents, however, not greater buying power, but a greater need to rehabilitate the family wardrobe and renew the household equipment.

Calgary Pretty Well Employed

So far as general industrial conditions are concerned, the factories in Calgary have been pretty well employed

throughout the year, although during the past few months trade has not been as good as in the earlier part of the year. The different plants have been able to keep going however, although it has been necessary to reduce the number of men employed.

The exceptionally dry summer, particularly in the southern part of the province, resulted in a comparatively light crop and this with the low prices now prevailing on all kinds of grain, has of course, curtailed the purchasing power of the farming community. On the other hand it has compelled attention to the importance of irrigation in certain districts and considerable progress has been made in this matter. The Lethbridge northern irrigation scheme is now well under way with every prospect that it will be completed and in operation by 1923. The new Alberta Government are not only giving attention to irrigation, but recently appointed a survey board of well qualified men to study the whole question of the conditions in Southern Alberta, including soil, soil drifting, irrigation, etc., and if possible find a solution for the difficulties.

Building operations for this year compare very favorably with a year ago. The building permits January 1st to November 30th, 1921, amounted to \$2,122,800 as against \$2,602,700 for the same period in 1920. The chief items making up this total are — 133 houses; improvements to Royal Bank; new warehouse for Vernon Fruit Co.; several new coal sheds; new warehouse for Lake of the Woods Milling Co.; new Show-rooms and garage for MacIn Motors Ltd.; a number of retail stores and several schools and churches. While the total figures are not as large as in 1920, it does not indicate that the volume of business was not as large, as of course, the prices of materials and to some extent, the wages, were lower this year.

Efforts are being made to increase the activity in the building trade and a convention will be held in Calgary during the first week in March at which representatives from all over Western Canada will be present. Secretary, Calgary Board of Trade.

Extensive Building In Saskatoon

During the year the building carried out in Saskatoon has been quite extensive, the permits calling for an expenditure of \$767,756 up to the first of December, most of which work has been completed. Of this total 176 permits were taken out for dwellings at a cost of \$437,475. At the University over \$100,000 has been expended in structural extensions. Although not included in this year's building permits, the construction of the new Normal School has been completed at a cost of over half a million dollars. This building, which is one of the finest in Canada, will be occupied early in January. Much work has been done by the Canadian National Railway in connection with its new yard and round house; and the replacing of the trestle bridge across the Saskatchewan River at Saskatoon, with a modern all steel structure.

The unfavorable harvest conditions, together with the fact that the value of agricultural products has fallen below the cost of production, have naturally been a keen disappointment to the farming community; yet, the farmers are looking to that readjustment which must come in the near future, whereby the price of staple products and the cost of production will be brought to a normal level, and firmly believing this, they will carry on—trusting for a more profitable harvest in the coming year. Commissioner, Saskatoon Chamber of Commerce.

New Westminster

During the past year three new industries were added to the list of the city of New Westminster, B. C.:—

The Triangle Chemical Co. Ltd., to manufacture chemical fertilizer, etc., made an outlay of \$150,000 on its plant.

Dominion Products, Limited, to manufacture starch, potato flour, etc.

Union Oil Co., of Canada, main distributing plant for the Fraser Valley, made an outlay of \$40,000.

All established industries remained with the city, although several of the saw mills were compelled to go on short time. Harry Stewardson, City Engineer.

Canadian Pacific Railway Has Good Year

Result of Operations Compares Most Favourably with Any System on American Continent—Decreased Traffic but Increased Net Earnings—
New Financing Completed — Additions to Atlantic and Pacific Fleets

IN spite of the decreased volume of traffic during the past year, which resulted in a decline in gross earnings, the Canadian Pacific Railway has been able to reduce its operating expenses in proportion. Gross earnings for the first ten months of 1921 were \$158,177,251, a decrease of \$13,760,783, while net earnings were \$28,612,157, an actual increase of \$1,754,135.

This is a distinct improvement over 1920, which was a particularly unfavorable year in railway operation.

The working expenses for 1920, including all taxes, amounted to 84.70 per cent. of the gross earnings, and the net earnings to 15.30 per cent., as compared with 81.39 per cent. and 18.61 per cent., respectively, in 1919.

The gross earnings exceeded those of 1919 by \$39,712,289, and the net earnings by \$220,008. This large addition of \$39,492,281 in working expenses was due to the enforced application in Canada of what is known as "The Chicago Wage Award," which added approximately \$12,000,000 to the pay rolls for the year; the increase in the cost of fuel and materials and the charging of the year's Federal taxes into operating expenses, where they properly belong. The heavy and rapid movement of freight during October and November and the first half of December under the tariffs prescribed by the Railway Commission and effective on September 13th enabled the company to absorb these expenses and earn its usual charges, dividends and a modest surplus. While, for the reasons mentioned, the net earnings were not commensurate with the volume of business transacted, still in the opinion of the Directors the year's operations were regarded as satisfactory and compared most favorably with those of any system on the American continent.

The sales of agricultural land in the year were 468,390 acres for \$9,592,706.95, being an average of \$20.48 per acre. Included in this area were 47,848 acres of irrigated land which brought \$50.43 per acre, so that the average price of the balance was \$17.07 per acre.

During the year 1920 the Directors disposed of \$8,000,000 of four per cent. Consolidated Debenture Stock to the British Government pursuant to arrangements previously made at the time of the deposit of \$40,000,000 of the stock with the British Treasury in 1917. The balance of the stock deposited, namely, \$32,000,000, was returned to the company and made available for sale or other



THE LATE
LORD MOUNT STEPHEN



E. W. BEATTY
Pres. C. P. R.

disposition as circumstances warrant.

The Directors during 1920 issued \$12,000,000 of Equipment Trust Notes for the purpose of acquiring necessary additions to the company's rolling stock.

The approval of the shareholders was obtained in 1919 and 1920 to the construction, as conditions warranted, of branch line mileage in Western Canada amounting in the aggregate to 322 miles, and during the year 1920 100 miles of track of this authorized mileage was laid.

While extensive new construction was not considered under the present conditions advisable, the Directors were of the opinion that a moderate amount of construction should be proceeded with, in order that the full value of the lines already under construction should be realized and that the settlers in the districts to be served should obtain the railway facilities so necessary to their prosperity. The branch lines heretofore approved are in good territory and well located to become revenue producing.

Approval was given to the construction of an extension of the Suffield south-westerly branch from Lomond, a distance not exceeding thirty miles, and for the issuance and sale of a sufficient amount of four per cent. Consolidated Debenture Stock to meet the expenditure.

Four steamers for Atlantic and Pacific Service previously contracted for are now being built for the company, namely: "Empress of Canada," "Montrose," "Montcalm," "Montclare," and the "Koenig Friedrich August" has been purchased.

Another ship for B. C. Coast is under construction. The estimated cost of these six ships is \$331,175,000, of which \$18,733,138 was paid up to 31st December, 1920. The estimated capital requirements on the account for the year and including the amount required for the completion

of the payments on the "Koenig Friedrich August" purchased, amount to approximately \$12,200,000. Approval was given to the issuance and sale of a sufficient amount of Consolidated Debenture Stock to meet the expenditure for these vessels. During the year, the S.S. "Sardinian," built in 1875, was sold.

In anticipation of confirmation the Directors authorized capital appropriations, in addition to those approved at the preceding annual meeting, aggregating, for the year 1920, \$3,246,318, and, subject to approval, authorized expenditures on capital account during 1921 of \$4,316,236.



VANCOUVER STATION, CANADIAN PACIFIC RAILWAY.

BUILDING PERMITS AND THE BUILDING TRADE

Permits Not Much Lower In Value, But Construction Work Almost Stagnant—The Trend Of Prices And Labour.

AS A general rule, statistics of building permits may be taken as being a reliable index of business conditions, for they reflect the confidence in the prospect for active business conditions, since executives will only undertake new building when there is good prospect of their being kept busy. Thus, when there is distrust of continued prosperity, and expectancy of lower prices, permits should show a falling off in proportion to depression and anticipation of such conditions.

Therefore, in looking over the results of 1921, one would expect to find a large decrease in permits, for there was no mistaking the distrust and depression which was prevalent then. But yet, with the exception of two or three months at the beginning of the year, increases are shown, and the total result for the year is almost on a parallel with that of 1920, and quite in excess of 1919, when confidence was the order of the day, and prices were seeking better levels.

Having in mind that fact that reports from contractors and builders, particularly in the earlier months of last year were characterized by such phrases as "stagnancy in the building trade," we are confronted with a paradox, which it seems can only be explained in one way, for prices of materials were on the downward trend, and it could not be said that the results expressed in dollars and cents reflects wrongly the volume of building, but rather the indications are of a higher volume of building.

As far as can be seen, the situation is just this: The figures of building permits do not represent the construction undertaken, at least as far as last year's results are concerned, for there were many postponements. Just as an example. In July last, it was estimated that some eight

million dollars worth of projected building was being held up in Toronto alone. A prominent architect of the city stated about two months ago that he had plans for about three millions of building, but could not be proceeded with until labor and other business uncertainties had become settled. This is just the testimony of one architect, but it illustrates how great was the volume which was held in abeyance. Of course, it is not likely that all postponements were where permits had been received, but it is reasonable to suppose that in a goodly number of cases where permits had been received the plans could not be carried out at once because of the clouded outlook.

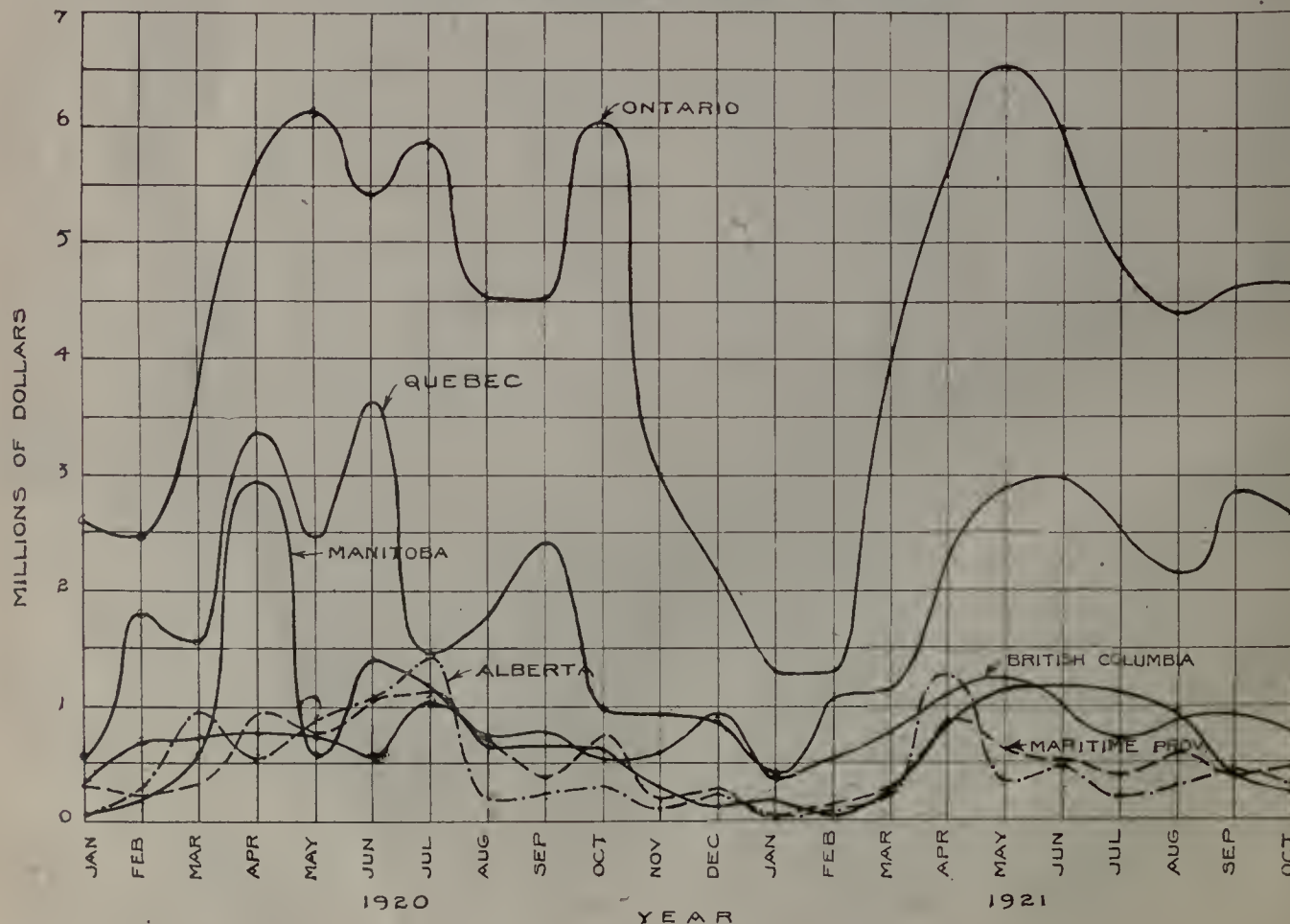
The following table shows that month to month trend of building permits as reported from fifty-six cities in the past three years:—

	1919	1920	1921
January	\$ 1,166,316	\$ 3,956,247	\$ 2,372,512
February	2,002,044	4,684,934	3,216,085
March	3,329,050	8,258,410	6,610,703
April	7,059,641	16,382,410	12,502,330
May	7,776,282	12,160,379	13,233,543
June	7,577,346	13,295,041	12,930,499
July	9,274,125	13,025,560	10,137,547
August	11,916,045	9,439,807	9,654,095
September	13,303,832	8,921,374	9,988,147
October	10,390,454	9,660,538	.....
November	7,733,263	5,289,321	.....
December	5,144,178	4,654,479	.....
	\$86,672,576	\$109,728,500	\$

Trend of Prices and Labor

The trend of prices was distinctly downward from the fall of 1920. Perhaps the most reliable and comprehensive index of this fact is found in the index number of wholesale prices, as compiled by the Department of Labor. The index

Course of Building Permits in Canada



LETHBRIDGE

In the centre of the largest irrigated farming district in Canada

Is the market place of a populous and prosperous district. The annual production of crops in the irrigated district surrounding Lethbridge is valued at \$100 per acre and upwards. In 1920 from irrigated lands the production of grain was 25,000,000 bushels; of alfalfa and hay, 55,000 tons; wool clip was 2,000,000 pounds, with fair crops of potatoes and vegetables. Coal production was over 1,000,000 tons from mines close to the city and 1,500,000 tons from mines in the adjacent Crow's Nest Pass. Bank clearings fairly indicate the volume of business done, and were over \$46,000,000.

Sheep raising is established on an extensive scale around the city. The raising of cattle is on the increase, and many farmers have built silos to carry a supply of juicy roughage feeds through the winters, this movement being greatly stimulated by successful sunflower crops, which give a high yield of leaf and stalk.

Wholesale and retail concerns do a large volume of business throughout the year, both with the towns in the farming districts, and with the coal mining centres along the Crow's Nest Pass, for which Lethbridge is the distributing centre. Iron works and machine shops, flour mills, macaroni manufacturing plant, creameries, automobile salesrooms, wholesale boots and shoes and agricultural implement warehouses are some of the industries established here.

Railways, besides providing facility for daily business among the many busy coal mines in the Pass, provide an alternative route for tourists desiring to see this interesting part of the Rockies, with connections making quick journey to the States of Washington, Oregon and California, or northwards through the Arrow Lakes or westwards by the Kettle Valley line to Vancouver; also a direct line to Winnipeg and the East.

The immense irrigation project in Lethbridge district, a great deal of which has been completed, will when finished cover an area of some 600,000 acres. There is no question in the mind of anyone now as to the beneficial effect the completion of this project will have upon the future prosperity of the City of Lethbridge; but if any proof is wanted, it is amply supplied by the conservatively estimated results on the irrigated farms around Magrath, Raymond, Coaldale and Lethbridge, and the enhanced purchasing power of the owners.

The city owns and operates the electric light plant, the water filtration plant, a coal mine and the street car service; also an industrial building suitable for the establishment of small industries and manufactures.

Educational facilities are of a high order, and include High Schools, Manual Training School and public schools, both Protestant and Roman Catholic.

number of all building materials at November, 1920, was 368.5. It dropped very rapidly from there, the movement being as follows: December, 356.5; January, 347.1; February, 336.4; March, 322.9; April, 313.4; May, 309.0; June, 305.3; July, 301.7; August, 285.7; September, 280.6; October, 279.9. To increase the above table of permits it might be well to note that the index number in October, 1919, was 315.1.

But labor presented a more serious problem. Building trades strongly objected to reduction in wages, which, of course, in view of the movement of general conditions, greatly aggravated the trade. It was not until the conference of building employers and employees of the Dominion, held at Ottawa in May, that the deadlock was broken. Then the agreement was that there should be reasonable adjustment of wages, but no set figure was given, but a resolution to the effect that new wage levels would be determined by local conditions, was passed. It was not long after that local unions realized that new work rested upon new buildings and new buildings upon a reasonable adjustment of the trade as a whole to conform with costs generally.

An illustration of the attitude which the unions finally assumed, is seen in the conference which took place in the middle of July between members of the Canadian Manufacturers' Association, the Toronto Building Trades Council, the Builders' Exchange, the brick manufacturers and the building contractors. The representatives of the building trades went on record as favoring an all-round cut of 10 cents an hour in wages, with a view to stimulating business and industry in the province. At the same time it was pointed out that brick manufacturers and other suppliers should make reductions in the cost of materials in order that industry might be boosted, and that more men might be given employment.

Small Buildings

While large construction works were postponed, it is a noticeable fact that the volume of building by the small man, who builds once in a lifetime, and who does not know

very much about business, was larger. Such conditions are reported particularly from western Canada. From what can be understood, the outstanding feature in construction activity in the prairie provinces, was the large percentage of residential buildings which were erected.

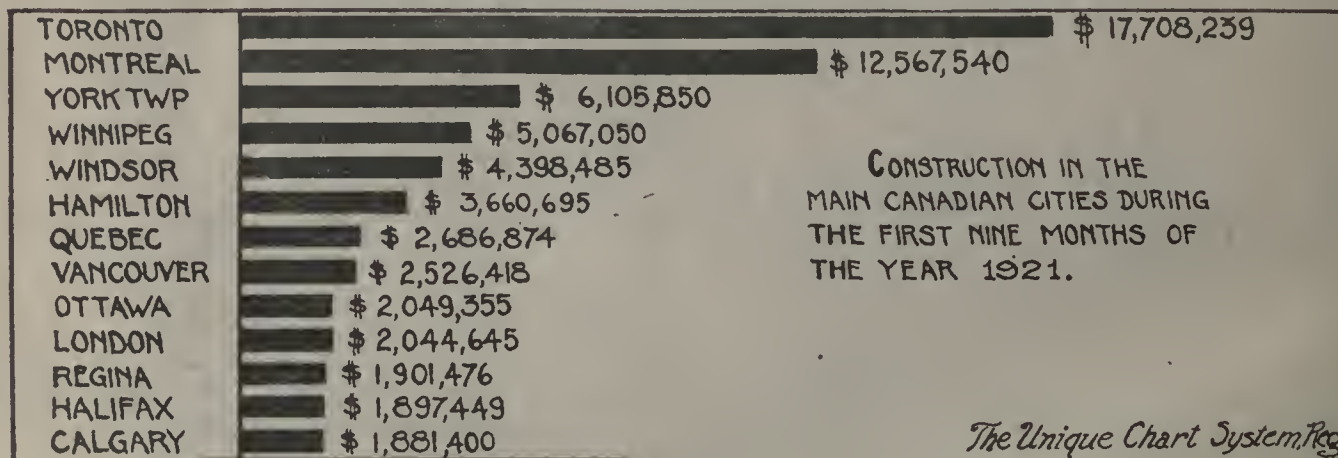
Regardless of the fact that the total amount of the value of new construction was considerably less than in 1920, there were more new building jobs last year, and the major portion of material supply and building contracts resulted from the demands of the small dealer.

A Big Building Shortage

In closing this brief article, there is one fact worth mentioning. That this country is short of buildings and public works at the present time, including dwellings and works of all kinds, to the extent of \$780,000,000, was the decision of the Dominion conference in Ottawa last May. It was shown that building contracts awarded during the first three months of 1921 totalled \$37,000,000, as compared with \$56,000,000 in the corresponding period of 1920—a decline of 35 per cent. The figures for March, 1921, were even more disquieting, the total being \$10,000,000, as compared with \$21,000,000 in March, 1920—a decrease of over 50 per cent. On May 1, 1921, there were approximately 100,000 less workmen employed in all industries than there were employed in January, 1921—a very considerable portion being men usually employed in the building trade.

In this regard it might be said that it is only natural that there is a shortage of buildings. During the four years of the war very little was carried on, the yearly totals of permits in 1915, 1916, 1917 and 1918 being considerably below the forty million mark. 1919 showed a great improvement, while 1920 further added to the record, but the pre-war results are still out of reach. For instance, in 1912, the total value of permits was more than \$185,000,000, while in the following year the figure was nearly \$154,000,000. It would also be well to bear in mind the fact that the index number of wholesale prices of building materials was only about 143, while labor was much cheaper than it is even now with the effected reductions.

Building Construction in 1921



TANNING INDUSTRY IN 1921.

The report of the tanning section of the Toronto Board of Trade for the past year describes the decline in the prices of leather as "unparalleled in the history of the industry." Tanners' overhead is stated to be materially higher than it normally should be, and leather is being offered and sold at less than replacement basis. It is felt that prices of leather will have to be advanced in the near future, in fact, some lines have advanced during the past month. Summing up, the report states that the fundamental position of the leather industry is on a much sounder basis than a year ago, and the outlook is favorable.

The Tanners' Section appointed the following as of-

ficers for the ensuing year: Chairman, K. D. Marlatt; First Vice-Chairman, C. W. Conway; Second Vice-Chairman, L. O. Breithaupt; Secretary-Treasurer, F. G. Morley. Executive—A. O. Beardmore, A. O. T. Beardmore, J. G. Breithaupt, G. B. Clarke, Hon. E. J. Davis, W. J. Heaven, H. B. Johnston, Theo. King, C. G. Marlatt, W. G. Parsons, Charles Robson, C. O. Shaw, John Sinclair, C. W. Tobey, S. R. Wickett. Legislation Committee—A. O. Beardmore, A. O. T. Beardmore, L. J. Breithaupt, G. B. Clarke, Hon. E. J. Davis, N. D. Clarke, W. J. Heaven, H. B. Johnston, C. G. Marlatt, W. G. Parsons, Charles Robson, C. W. Tobey, S. R. Wickett. Transportation Committee—S. P. Beale, F. C. Beal, A. O. Beardmore, H. L. Daville, W. J. Heaven, Theo. King, James McMillan, W. A. Moore, John Sinclair, S. R. Wickett.



Winnipeg Electric Railway Company's Hydro-Electric Plant at Pinawa on the Winnipeg River—Capacity of 39,000 h.p.

POWER, LIGHT AND GAS

For Industrial and Commercial Purposes in

GREATER WINNIPEG

LARGE AND MODERN GAS WORKS

The Winnipeg Electric Railway Co. supplies gas to thousands of consumers in Winnipeg and district. The plant is completely modern and has an output of 500,000,000 cubic feet per annum.

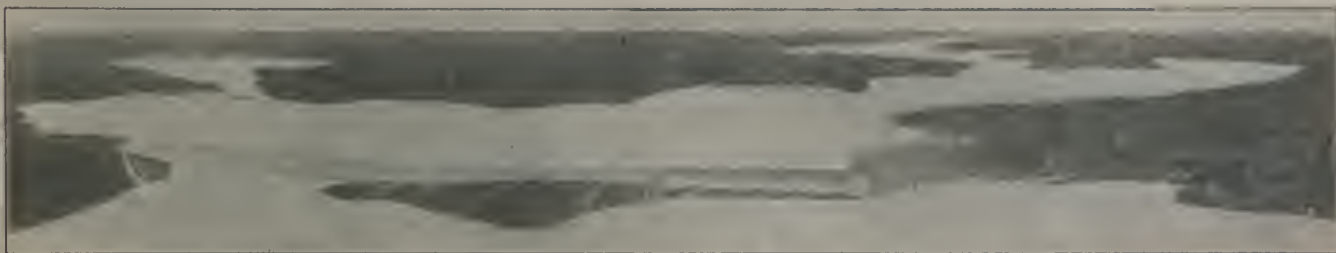


Electric Railway Chambers

AUXILIARY STEAM PLANT

In addition to the Pinawa power plant shown above, the Winnipeg Electric Railway Company also has an auxiliary steam plant at Mill St., Winnipeg, capable of developing 12,000 h.p. and thus ensuring customers of a continuous service.

The Largest Manufacturing Establishments in Greater Winnipeg Are Power, Light and Gas Customers of the Winnipeg Electric Railway Company.



Source of additional power for the Winnipeg Electric Railway Co. The Great Falls development on the Winnipeg River, 168,000 h.p. capacity, now under construction by the Manitoba Power Co. Limited

WINNIPEG ELECTRIC RAILWAY COMPANY

Sir Augustus Nanton, President

A. W. McLimont, Vice-President.

THE IMPORTANCE OF IRRIGATION WORK

Benefits Achieved in Alberta Are Encouragement to Further Expenditures

A. S. DAWSON, M.E.I.C.

Chief Engineer, Department Natural Resources, Canadian Pacific Railway Company, Calgary

UP TO the end of 1920 there had been expended on the construction of irrigation works in Southern Alberta about \$20,000,000, to serve about 850,000 acres of irrigable land.

This phase of development was practically all handled by large companies—pre-eminently the Canadian Pacific Railway Company, who held large blocks of vacant land, constructed the works to serve them with water, and then sold to new settlers, with a perpetual contract for a supply of water to the lands at a fixed annual charge. This form of enterprise has developed all the large projects constructed up to date. The conditions gradually changed, because the large areas that still awaited development were practically all settled, and plans were formulated to develop these areas by co-operative effort on the part of the land owners themselves.

Federal Government's Work

In Canada, the Federal Government controls all the water, conducts the hydrometric work, and makes all preliminary surveys and investigations in connection with irrigation development. No works can be undertaken without government sanction, based on thorough engineering investigations which have proven the feasibility and economic soundness of all schemes of any magnitude.

These surveys to date show that close to a million additional acres in Southern Alberta can be served with water within reasonable cost limits; and some of this area will probably be served as a result of the recent settlement of certain long outstanding matters between Canada and the United States, and within the scope of the International Waterways Commission. Preliminary surveys also indicate that additional areas of about 3 million acres in Alberta, and 4½ million acres in the Province of Saskatchewan could also be profitably irrigated.

Value Demonstrated

During the past dry cycle of 5 years, all doubts as to the benefits of farming large portions of Southern Alberta under irrigation methods have entirely disappeared, and now everyone is an enthusiast of the idea of bringing every possible acre under the ditch system.

But how were the construction charges to be met? The settlers were not financially able to, as a result of several short crops; and there was no incentive for corporate interests to provide the necessary capital. The Provincial Legislature therefore decided—or rather were forced—to provide the necessary machinery, whereby these systems can be built by means of the enactment of what is known as the "Irrigation District Act." This act provides for the formation of irrigation districts, with power to raise the necessary funds to construct the works by bond issues, the security for which is the land within the district.

Among the outstanding features of this act are the appointment by the Lieutenant-Governor of an "Irrigation council," who may forbid any act or course of conduct proposed to be done, or entered upon by the board of directors; and without whose authority no expenditure can be made on any debenture issue, nor any contracts for construction awarded. All debentures issued under the act must provide for the payment of the whole principal money within 30 years of the date of the issue thereof, and shall be repayable by annual instalments extended over the whole of such period, or not less than the last 20 years thereof. The sale of debentures and rates of interest are subject to the approval of the government. Moreover, the province has undertaken to make a full guarantee of these bond issues, together with the interest. As previously stated, the Dominion

Reclamation Service makes all preliminary surveys and investigations as to the feasibility of a project. When these are completed, and the boundaries of an irrigation area are fixed, the act provides that a petition signed by the owners of at least 51 per cent. of the area involved shall be submitted to the Minister of Public Works of the province, asking for the creation of the district. After approval of such, a board of three trustees is elected to conduct its affairs.

Financing Irrigation

The first district to be financed under this procedure is what is known as the "Lethbridge Northern," containing an irrigated area of about 105,000 acres, which is now well under construction, at an estimated cost of \$51.00 per acre. The total bond issue authorized for this project was \$5,400,000, and of this, \$4,400,000 worth of 30 year bonds were disposed of at a very favorable rate. Provision was made for making the bond issue large enough to carry interest, and operation and maintenance charges until the end of the year, after the completion of the works—so that the farmers will get the benefit of the water before they have anything to pay. In the case of the Lethbridge Northern project, no payment towards a sinking fund are required to be made until after the seventh year.

Construction has also been commenced on another district known as the "United," containing 23,000 acres irrigable, at an estimated cost of \$645,000, or \$28.00 per acre. Several other districts are in the course of formation; and the government of the province has announced as a definite policy that it will guarantee the bond issue for any project which has been shown to be feasible, and economically sound by means of thorough surveys and investigations on the part of the Dominion and provincial engineers.

This policy will no doubt have a very marked effect on irrigation development in Southern Alberta. There are, however, many problems which will result therefrom, such as the reductions in size of the holdings, and the colonization of the additional farm units created.

Survey Board Created

Another matter which may be of interest to many is, that this government (and a Farmers Government at that) has recently created what is known as the Southern Alberta Survey Board, consisting of 4 outstanding men, and including as chairman, the chairman of the Canadian Section of the International Waterways Commission. This board held their opening session on November 29th last, and are now sitting, and their obligations are to "Enquire into, report on, and make recommendations, in regard to the undernoted matters affecting the welfare of those areas in the southern part of the province which are subject from time to time to drought.

"(A)—A policy in regard to the development of farm lands, which surveys of the Dominion Reclamation Service show the possibility of irrigating.

"(B)—Methods that may be adopted in furtherance of the colonization of irrigable lands.

"(C)—A policy in regard to the furtherance of the greater economic advantage of farmers on land which cannot be irrigated.

"(D)—The expediting of the investigations by soil and topographical surveys already initiated.

"(E)—The general financial conditions prevailing in the areas referred to, having regard to the prime necessity for the maintenance of credit of individuals, institutions, and municipal and school districts."

It is needless to point out the problems to be dealt with by the board are very great, and upon their solution the future welfare of a very large portion of the people of the province depends.

Educational Work

In addition to two experimental and demonstration farms maintained by the Federal Government in Alberta, the Provincial University is doing splendid work, and now has a three-year course in agriculture leading up the degree of B.S.A., in addition to a combined six-year course in arts and agriculture.

BRANDON

The Agricultural Convention City and Home of the Manitoba Provincial Fair



Famous For Its Exhibition of Live Stock and Farm Products

THE SECOND CITY OF IMPORTANCE IN THE PROVINCE

An important distributing point for Agricultural Implements and Machinery with numerous manufacturing industries and wholesale houses. Served by the Canadian Pacific, Great Northern and Canadian Government Railways.

CONSOLIDATED BALANCE SHEET

FOR PERIOD OF JANUARY 1st TO
OCTOBER 31st, 1921

ASSETS	
Cash - - -	\$ 28,314.96
Cash advances returnable - -	114,762.90
Lands - - -	285,619.06
Structures and Improvements	2,786,356.16
Equipment - -	215,220.91
Improvements under Construction - -	22,337.62
Stores - - -	41,564.85
Tax Lands held for sale -	5,243.65
Amounts due the City for Taxes, Water Rates, etc.	731,267.70
Sinking Fund Investments	1,130,741.44
	\$5,361,429.25

LIABILITIES	
Debentures Outstanding -	\$3,557,246.05
Bank Loans - -	110,099.90
Accounts Payable - -	119,753.93
Debentures due and payable	58,000.00
Debenture Interest Payable	3,841.64

RESERVES:—

Debenture Interest not due	53,082.81
Provincial and School Levies not due - - -	130,681.33
Depreciation - - -	64,936.02
Bad Debts - - -	27,564.13
New Construction - -	25,765.59
Suburban Park - - -	2,714.97
Surplus - - -	1,207,742.88
	\$5,361,429.25

STATISTICS—REAL PROPERTY

Estimated Value \$22,840,000	Assessed . . . \$15,232,200	Exempted . \$4,806,920
Basis of Assessment -	Land at Market Value -	Buildings at two-thirds market value
Tax Rate 40 Mills on \$		
Current Taxes paid in 1920 -	71.5%	Total Taxes paid in 1920 - 96.5%
Current taxes paid in above period	59.1%	Total Taxes paid in above period 80.9%
Area—5,760 acres.		
Bank Clearings 1920—\$41,398,339		
Sinking Fund Investments—\$1,000,000		
Present Population—15,500.		
Customs Receipts 1920—\$269,819.43		
Dominion of Canada Victory Bonds.		

H. CATER,
Mayor

GEO. F. SYKES,
City Treasurer.

The Provincial Government Department of Agriculture also operates 5 agricultural schools, and 5 demonstration farms, on two of which instruction is given on all matters pertaining to irrigation.

What is needed is co-operation and team play between the men on the land and those who are endeavoring to work out the broader questions affecting irrigation development on a large scale; and in such work, organizations such as the Western Canada Irrigation Association, and the recently created Survey Board of Southern Alberta, have a large part to play, and should prove a powerful factor in the general welfare of the province.

Agriculture and live stock business are the basic industries of this portion of the country, and must go hand in hand. Irrigation stabilizes both, and therefore stabilizes business conditions in general.

PRODUCTION OF COAL DECREASED

Output of Canadian Mines in First Six Months of 1921 Was Lower Than in Previous Years

THE output of coal from Canadian mines during the first six months of 1921 declined to 86% of the amount produced during the corresponding period in 1920 but was 5% in excess of the output for the same period during 1919. With the exception of New Brunswick, none of the provinces showed an output equal to the 1920 record. New Brunswick produced 104% of its 1920 output and the other provinces follow in the order named: Saskatchewan, 94%; British Columbia, 91%; Nova Scotia, 87%; Alberta, 79%.

In the table given below the output, shipments, and value of shipments of Canadian coal produced during the period have been tabulated. A part of the data included in the table has been estimated and the figures are therefore subject to revision. The total value of coal shipped during the period amounted to \$32,882,953 and the average selling price reported from the different coal-producing areas ranged from \$2.43 a ton for lignite coal in Saskatchewan to \$8.53 a ton for anthracite in Alberta. The average for the Dominion was \$5.75. The table follows:

COAL BY PROVINCES AND GRADES FOR THE SIX MONTHS ENDING JUNE 30, 1921

Provinces	Output	Shipments	Total Value	Average Value per ton
Nova Scotia—				
Bituminous	2,750,319	2,257,261	\$14,536,760	\$6.44
New Brunswick—				
Bituminous	69,230	65,768	377,508	5.71
Saskatchewan—				
Lignite	145,394	136,670	332,108	2.43
Alberta—				
Anthracite	46,402	10,357	88,419	8.53
Bituminous	1,261,080	1,172,804	5,711,555	4.87
Lignite	1,425,312	979,021	4,405,591	4.50
Total for Alberta ..	2,432,794	2,162,182	10,205,568	4.72
British Columbia—				
Bituminous	1,385,323	1,094,405	7,434,009	6.79
Total for Canada	6,783,060	5,716,285	\$32,882,953	\$5.75

Imports Increased

Having regard to importations, the data show that Canada as a whole imported 104% of the amount of anthracite coal brought in during the same period in 1920, and 132% of the bituminous. Quebec was the only province which imported less anthracite during the six months than in the same period, 1920, but even then, imported 96% of the anthracite coal received in the half-year of 1920, an increase of 12% over the figures for 1919. Manitoba and the Head of Lakes imported 169% of the 1920 quota of anthracite; Nova Scotia 140%; New Brunswick 128%; Prince Edward Island 108%, and Central Ontario 107%. In every case these figures show that more anthracite was imported during the past six months than in the corresponding six months in 1919.

Bituminous coal entered at Fort William and Port Arthur and the Customs port of Manitoba, amounted to 235% of the 1920 figures. Nova Scotia imported 224%, as much bituminous as during the same period of the previous year

but the entire quantity was only some 1,500 tons. Quebec was more fortunate in the matter of bituminous than in the previous year and during the first six months received 179% of the amount which was brought in during the first six months of 1920. Central Ontario obtained 115% as compared with importations in the first half of 1920.

Central Ontario has received during the first six months of the past three years a continually increasing amount of bituminous coal, the index numbers for the periods being 92% in 1919; 100 in 1920 and 115 in 1921.

Exports Are Lower

Exports of Canadian coal have declined from the base figures of 100 for the six months ending June 30th to 68 for the same period during the present year. In 1919 the corresponding index number was 74. Total exports for the Dominion amounted to 869,004 tons in 1921 as compared with 1,278,957 tons in the same period in 1920 and 948,495 tons in the six months of 1919. British Columbia was the principal exporter during the period, the amount of coal shipped out of the province amounting to 517,823 tons during the period, representing 87% of the amount exported from this province during the same time in 1920. Nova Scotia shipped, for foreign trade, only 48% of the amount of coal exported during the six months in 1920. The actual tonnage of exports for the six months just closed amounted to 284,601 short tons.

The total output of coal from the mines of Canada during the first six months of the present year amounted to 6,783,060 tons. During the first six months of 1920 the output was 7,929,269 tons and in the same period in 1919, 6,335,532 tons. Total importations of anthracite and bituminous coal during the half-year just closed amounted to 8,319,246 tons, as compared with 6,768,709 tons in 1920 and 6,723,757 tons in the preceding year. Export figures have already been given and from these data the coal supply of the Dominion may be determined. The output from Canadian mines plus the amount imported and less the quantities exported, leaves an amount which may be called the "Coal Supply." This figures for the six months of 1921 was 14,233,302 tons, as compared with 13,419,021 tons in 1920, and 12,130,794 tons in 1919.

It thus appears that the Canadian coal supply for the half-year as shown by the index numbers, rose from 90 in 1919 to 100 in 1920 and 106 in the half-year just closed.

COMPARATIVE COAL STATISTICS FOR THE DOMINION FOR THE SIX MONTHS ENDING JUNE, 1919, 1920, 1921

TABLE 7 (a)—OUTPUT FROM CANADIAN MINES

	1919	1920	1921
January	1,337,852	1,604,775	1,369,294
February	1,136,188	1,307,034	1,202,678
March	1,261,534	1,307,473	1,135,965
April	1,041,288	1,189,274	955,811
May	951,957	1,169,685	998,213
June	623,723	1,350,123	1,120,793
Total	6,355,532	7,929,269	6,783,060

TABLE 7 (b)—IMPORTS OF COAL INTO CANADA

	1919	1920	1921
January	1,377,463	889,209	1,698,541
February	1,068,781	865,169	1,195,276
March	784,171	1,432,815	1,202,631
April	603,099	974,298	853,358
May	1,198,127	1,033,361	1,439,297
June	1,692,116	1,573,857	1,930,143
Total	6,723,757	6,768,709	8,319,246

TABLE 7 (c)—EXPORTS OF COAL FROM CANADA

	1919	1920	1921
January	465,568	332,763	185,297
February	84,686	145,004	86,503
March	129,614	252,189	177,209
January	1,337,852	1,604,775	1,369,294
April	53,056	118,592	79,014
May	108,211	103,494	131,650
June	948,460	234,915	209,331
Total	948,495	1,278,957	869,004

TABLE 7 (d)—COAL SUPPLY

	1919	1920	1921
January	2,219,747	2,161,221	2,882,538
February	2,120,283	2,028,099	2,314,751
March	1,916,081	2,488,104	2,161,388
April	1,593,431	2,014,980	1,730,155
May	2,041,873	2,007,552	2,305,865
June	2,209,379	2,689,065	2,841,605
Total	12,130,794	13,419,021	14,233,302

MOOSE JAW

Saskatchewan's Railway and Industrial Centre



Gross Debenture Debt (31st Oct., 1921).. \$6,030,449.82
Less:

General Sinking Fund	\$ 467,997.74
Electric Light	1,021,391.41
Waterworks	1,473,114.73
Local Improvements (owners' share)	760,611.69
High School	137,292.34
	3,860,407.91

Net Debt \$2,170,041.91

Sinking Fund Investments:

		% of Total
Rural Telephone Debentures	\$576,266.28	57.7
Dominion of Canada War Bonds, 5½%	242,398.33	24.3
City of Moose Jaw Debentures	74,536.00	7.4
Mortgages	50,035.51	5.0
Province of Saskatchewan Farm Loan Bonds, 5%	25,412.42	2.6
School District Debentures	11,198.02	1.2
Province of Saskatchewan 5% Gold Bonds	8,033.33	0.8
Cash in hand and accrued interest	10,221.29	1.0

Total \$998,101.18 100.0

Surplus in Sinking Fund above legal requirements \$47,269.80

Public Utilities (10 months, 1921):

	Light & Power	Waterworks
Expenditure (including fixed charges)	\$288,120.43	\$134,076.95
Revenue	292,834.33	135,113.76
Surplus	\$ 4,713.90	\$ 1,036.81

Assessment, 1921	\$28,084,852
Less Exemptions	5,546,330
	\$22,538,522

Land assessed at 100%; improvements at 45% of their value

Total Assets	\$ 8,683,172
Total Liabilities	6,269,793

Surplus:

Capital	\$1,906,076
Current	507,303
	\$ 2,413,379

Tax Levy for all purposes, \$1,013,085.72

Rate, 46 mills

The city owns its own light and power plant, which has a capacity of 6,000 K.W., and power is sold to manufacturers at from 1.2 cents per K.W. hour up.

Moose Jaw has just completed its new water works, which furnishes an abundant supply of water for manufacturing and domestic purposes.

The Robin Hood Mills operate in the city 8 distinct factories for the manufacture of food and stock products. Their flour mill has a capacity of 5,000 barrels per day, and their rolled oats plant 2,000 cases per day.

The Government Terminal Elevators, situated in the city, have a capacity of 3,500,000 bushels. The South Saskatchewan Co-operative Stock Yards, located in the city, commenced operations in 1919, and now hold third place in the Dominion for volume of traffic handled. The capacity of the Yards exceeds 5,000 head, and its area is approximately 8 acres.

R. H. SMITH, Mayor.

GEO. D. MACKIE, City Commissioner.

ADDITIONS TO TRADE MARK LAW

Several Cases Are Important to Canadian Industry—The Christie and the Bauer Chemical Cases

A NUMBER of decisions on trade mark law were handed down by Canadian Courts during the past year and in some of them, reviewed herein a great deal of information of general interest to the mercantile world is contained.

One of the cases, dealing with the use of a trade name was based on the use of the word "Christie." In the petition to the Exchequer Court, praying for an order directing that the trade mark "Christie" may be registered as a specific trade mark to be used in connection with the manufacture and sale of biscuits etc., it is alleged that petitioners are the proprietors of a trade mark consisting of the word "Christie," which has been used by them for many years in connection with the manufacture and sale of biscuits, cake, puddings and infants' food, manufactured and sold by them, and which distinguishes said goods from similar goods manufactured and sold by others, which said trade mark is known throughout Canada as denoting and distinguishing the goods of your petitioners; that the petitioners made application to the Minister of Agriculture of the Dominion of Canada for the registration of the said trade mark as above described as a specific trade mark to be used in connection with the manufacture and sale of biscuits, cake, puddings and infants' food, in accordance with the provisions of the Trade Mark and Design Act; that the Minister of Agriculture, by letter dated December 15, 1914, refused to register the said trade mark on the grounds that it is a surname, and could be registered only in accordance with an order from the Exchequer Court of Canada; that, as a matter of fact, the word "Christie" has, through long-continued use and extensive sale acquired a secondary and trade mark meaning, denoting and distinguishing goods manufactured and sold by the petitioners.

The Court said: "I find myself bound by the judgment of the Supreme Court in the petition of the Horlick Malted Milk Co. to have their trade mark 'Horlick's' registered. The Supreme Court have thought that they were entitled to register such a trade mark, and directed by their formal judgment that the word 'Horlick's' be registered. The case of 'Christie' is very much stronger than that of

'Horlick,' and I am bound by the judgment of the Supreme Court."

Bauer Chemical Case

Another case dealt with the rights to trade marks covering goods of German origin, namely Bauer Chemical Co. & Sauatogen Co. of Canada. The case was the first that has been tried since the enactment of the law involving the rights to trade marks covering the sale of German products an American company, to rights sold to them by the sold in Canada, and it confirms the claims of the plaintiffs, American Trade Custodian.

In England the Official Controller seized the business of the branch established by the Berlin firm of Bauer and Company, voided their trade marks, and forfeited and sold their business. In the United States, after entering the war the American branch of this Berlin firm, incorporated into a company, was also forfeited and sold to the plaintiffs in the case just concluded. The judgment points out that, although the Canadian government passed a number of orders-in-council under the War Measures Act respecting trading with the enemy, no enactment can be found depriving the plaintiffs in this case of the ownership of the trade marks in dispute.

"Castoria" Case

In the case of American Druggists' Syndicate Limited. The Centaur Co. regarding the use of the word "Castoria," Mr. Justice Carroll in the course of his judgment made the following remarks:—

"Nobody will contest to the manufacturer the right to put his own name on his products; neither will anyone deny that no other person may usurp such name. No definite

legal enactment is required to permit a manufacturer to place his own name on the products of his industry, but for diverse reasons and in his own interests, instead of placing his name on his products so as to certify their origin, he will sometimes use some sign or mark. Such will consist either in several letters of the alphabet in a word or in certain signs, which belong to nobody in particular and are public property, but which, by thus being applied on the manufactured article, will allow it to be distinguished or differentiated from other similar products. The particular manner in which a trader will inscribe his name on goods of his personal make may, to all intents and purposes, confer to that name the character of a mark.

"Considered in its object, the trade mark, to be considered such, requires no particular labor or pains. It has of itself no literary, artistic or industrial worth, and gives none to the object to which it is affixed. In that respect it in no way compares with patents which properly cover creations of the intelligence, and by virtue of which the law grants to the patentees exclusive rights for a given period of time.

Trade Marks and Patents

"It is impossible, as I said a moment ago, to assimilate a trade mark and a patent. The object covered by the patent, whether it be a literary or artistic work or an industrial device, has a great value. The mark, in itself has no value; its only utility is that of a certificate as to the origin or source of the product to which it is affixed. Employed by another, it ceases to be the expression of truth or genuineness.

"The patent differs from the trade mark in that a new substance results from the invention. The State, to encourage the patentee and reward his industry, grants him the privilege, during a given period, to manufacture the article invented. That privilege is not, however, conferred for an indefinite time, as it would then become a monopoly. Such is not the case as regards the general trade mark, which once it is registered, endures indefinitely, R.S.C. 1906, ch. 71, sec. 16, or as regards a specific trade mark, which endures for a period of twenty-five years, and may be renewed by the proprietor thereof or his legal representative for an additional period of twenty-five years, and so on without limitation. (Sec. 17.)

"Appellant company may well manufacture a product similar in its constituting elements to that which respondent company offers for sale, but it is precluded by law from giving it a name, the exclusive use of which belongs to said respondent company.

"In order that there be no illegal competition between two commercial products of the same nature, their respective names or designations must be sufficiently distinct that the purchaser may not, as I have already said, be led to mistake one for the other."

"Cutex" Trade Mark Case

As to the petition of the Northern Warren Corporation in regard to the registration of the word "Cutex" as a general trade mark, Justice Audette held that a general trademark may be registered with a limitation to exclude certain classes of goods for which a specific trademark not absolutely similar has been registered.

In explanation, His Lordship says: "This is an application to register as a general trademark the word 'Cutex' to be used more especially in connection with manicure and toilet preparations, which are manufactured and sold by the petitioners.

"This application for registration was refused by the Minister of Trade and Commerce by reason of the existence on the register of a certain trademark consisting of the words 'Randolph Cuties' registered October 29, 1914, in favor of J. W. Landenberger and Co. of Philadelphia, Pa., as a specific trademark applied to hosiery and underwear and by reason of a further registration of the words 'Cute Brand' registered August 20, 1914, in favor of J. S. Todd and Son, of Victoria, B. C., as a specific trademark applied to canned salmon.

Province



Alberta

OF

AREA 255,585
Sq. Mi.

ESTIMATED POPULATION
640,000

TOTAL RAILWAY
MILEAGE 4696

Boundless Resources as yet Unexploited Climate and Soil unexcelled for Agricultural Purposes

Embraced in the Province are 163,382,400 acres, of which it is estimated at least 100,000,000 acres are available for cultivation. During the year 1920 nearly 12½ million acres were in crop, and the estimated value of farm products for that year is \$184,415,551.98, details of which are included in the following statement:

AGRICULTURAL PRODUCTS 1920	
All Wheat	\$111,008,188.68
Oats	36,829,234.00
Barley	7,643,113.80
Flax	1,088,850.00
Rye	4,275,500.00
Mixed Grains	129,110.00
Hay and Clover	9,971,700.00
Alfalfa	1,074,912.00
Potatoes	7,525,000.00
Turnips, Mangolds, etc., ...	3,690,000.00
Peas	123,207.50
Beans	156,740.00
Total	\$184,415,551.98
Animals	38,000,000.00
Dairy Products	34,000,000.00
Wool Clip	730,000.38
Game and Furs	2,250,000.00
Poultry and Products	5,000,000.00
Horticulture	2,285,000.00
Total	\$266,681,455.36
LIVE STOCK, 1920	
Horses	\$ 66,766,500.00
Milk Cows	21,448,560.00
Other Cattle	52,516,700.00
Sheep and Lambs	3,834,240.00
Swine	5,731,120.00
Poultry	2,870,826.00
Total	\$156,177,036.00

PROGRESS IN GRAIN PRODUCTION

Alberta is well adapted to the growing of the staple grains: wheat, oats, barley, rye and flax, and great progress has been shown in the last ten years. In 1911 production was (bushels): Wheat, 20,066,987; oats, 27,604,993; barley, 3,037,584; flax, 153,908; rye, 38,722, while in 1920 production had increased to (bushels): Wheat, 83,526,901; oats, 115,091,523; barley, 12,738,523; flax, 725,900; rye, 3,490,400.

DAIRYING

"The Dairy Industry of the Province showed satisfactory progress during the past year. The value of the milk and the milk products was slightly more than \$31,000,000.00, an increase of 10 % over the previous year. Although there was a slightly larger production in 1920, the increase in the value of the products was due principally to the higher price ruling during the first nine months of the year.

STATEMENT OF ASSETS AND LIABILITIES AT DECEMBER 31st, 1920

ASSETS	
Cash in Bank	\$ 845,237.19
Telephone Plant, Stock and Tools	\$15,834,394.90
Less Depreciation and Renewal Reserve	250,000.00
Public Buildings (including Stock Advances)	13,581,394.90
Bridges	9,214,967.10
Trunk Roads and Bridges thereon, Ferries, etc., ...	3,313,608.93
Province of Alberta 4% Debentures due 1922	5,151,439.54
Demonstration Farms	171,068.76
Interest-bearing Loans	471,501.95
Repayable Working and Improvement Advances (including Brought Reller) ..	5,401,298.63
Shares Lacombe and North Western Railway	1,600,848.72
Miscellaneous	9,031.85
Deferred Revenue	360,392.97
Deposit (in lieu of debt) in hands of Dominion Government	3,637,116.76
Deposit (School Lands Fund)	\$15,784,507.40
Deferred and Overdue payments of principal on School Lands	\$1,107,500.00
Unsold School Lands—6,830,618.61 acres at \$12.00 per acre	\$5,972,000.00
LIABILITIES.	13,388,456.12
Debentures and Registered Stock Outstanding	7,416,456.12
Less Sinking Fund	13,388,456.12
Temporary Loans (Savings Certificates included)	\$149,248,246.84
Municipal Sinking Funds	\$41,980,000.00
Balance—Excess Assets over Liabilities ..	1,231,159.20
Total	\$10,758,740.80
Coal Industry	3,774,900.55
Balance—Excess Assets over Liabilities ..	51,121.69
Total	101,660,483.50
Total	\$149,248,246.84

COAL INDUSTRY

"Alberta with its almost unlimited coal resources, as yet for the most part unexploited, stands fourth in all Canadian Provinces in mineral productions.

"Coal production alone in the year 1920 almost equalled in value the total mineral products of British Columbia in the previous year, being for the year ending December 31st, 1920, \$33,919,240.00 made up as follows.

	Output.	Value.
Domestic Coal	3,359,308 tons	\$15,116,886.00
Bituminous Coal	3,419,021 ..	17,095,109.00
Anthracite Coal	130,594 ..	1,044,752.00
Briquettes	6,908,923 ..	\$33,256,747.00
Total	101,922 ..	662,493.00
Total	7,010,845 ..	\$33,919,240.00

"The fifty-three creameries that were operating in Alberta produced 12,150,000 pounds of butter valued at \$6,861,750.00, and the seven cheese factories manufactured 56,531 pounds of cheese valued at \$128,839.00.

"In view of the severe climatic conditions, and the scarcity and high price of food during the early part of the year, it is gratifying to note that the total output of dairy products for 1920 was greater than that of the previous year."

GENERAL INFORMATION

Timber. Except in the S.E. and the extreme N., timber is plentiful, though small. The eastern slopes of the Rockies are well timbered, and the streams are thickly fringed with spruce, pine, poplar and willow. Central Alberta, the Park County, is partially wooded, aspen being the most common. White spruce predominates between the Rockies and the prairie; aspen and balsam N. of Saskatchewan, Athabasca and Peace Rivers. In the north, poplars grow 1 ft. in diameter, and straight for 18 ft. In the Mackenzie basin, white and black spruce, tamarack (larch), jack pine, birch and white poplar are found.

TRANSPORTATION AND COMMUNICATION

Railways. 3 transcontinental lines run from east to west, the C.N.R. formerly Canadian Northern and Grand Trunk Pacific, through Edmonton, the C.P.R. southern line through Lethbridge and Macleod, C.P.R. Northern line through Calgary. Branch lines run in every direction in the southern and central portions. In the north, the Edmonton, Dunvegan and British Columbia Ry., now operated by the C.P.R., runs to Spirit River. The Alberta and Great Waterway Ry. runs to Fort McMurray. A branch of the Central Canada Ry. runs from Melanman across the Peace River. In 1920 there were 4,506 miles of completed railways.

Telephones. The Provincial Government owns the telephone system. Long distance phones extend from Couits to Athabasca and from Eastern to Western limits, serving an area of 75,000 square miles and about 500,000 people. 20,000 miles are in operation. Nearly 1,000 cities, towns and hamlets have telephone service; over 11,000 farms have telephones.

Telegraph. The C.P.R. and C.N.R. have telegraph lines along railway line. The Dominion Government operates a line to Peace River.

Lieutenant-Governor, Hon. R. G. Brett; Premier, President of Council, Provincial Secretary and Provincial Treasurer, Hon. H. Greenfield; Attorney General, Hon. J. E. Brownlee; Minister of Public Works, Hon. Alex. Ross; Minister of Municipal Affairs and Health, Hon. R. G. Reid; Minister of Railways and Telephones, Hon. V. W. Smith; Minister of Agriculture, Hon. G. Hoadley; Minister of Education, Hon. P. E. Baker; Minister Without Portfolio, Hon. Mrs. I. Parlyby;

"There is further record of a consent by Landenberger and Co. that if hosiery and underwear are excluded that the word "Cutex" may be registered as a general trademark in favor of the petitioners. Furthermore, there is also filed a general consent by J. S. Todd and Son to the registration of the petitioners' trademark as prayed.

"In the present application to register the word "Cutex" it may be said that the words "Randolph Cuties" and the words "Cute Brand" bear some distant resemblance to the word "Cutex" but they are not the very same words and they are not likely to deceive uncautious purchasers because the other words resembling the word "Cutex" are in both the other trademarks associated and accompanied by another word when used.

"Therefore I have come to the conclusion to allow the petitioners to register in their name the word "Cutex" as their general trademark, limited, however, by excluding therefrom the use of the said word "Cutex", as applied to hosiery and underwear as well as to canned salmon."

DEVELOPMENTS IN AUTOMOBILE INDUSTRY

One of Most Important Was General Motors' Decision to Use Canadian Plant For Export Production

CONTRIBUTED

AMONG the important features of the progress of Canada's automobile industry during the year just ended was the decision of the General Motors Corporation to concentrate its export business at the Canadian plant at Oshawa.

From Ford, Ontario, The Ford Motor Company of Canada sends its cars throughout the British Empire. Other manufacturers also use their Canadian plants as distributing headquarters for their export trade. For the past three fiscal years the figures show that Canada has exported the principal Dominions of the British Empire the following number of cars and trucks together with the value of automobile parts given below:—

	Cars	Trucks	Parts Value
Australia	11,306	2,093	\$1,099,266
India	7,406	1,439	965,902
Straits Settlements .. .	2,618	387	348,338
British South Africa .. .	5,584	557	548,333
British West Africa .. .	1,124	852	174,694
New Zealand	6,734	2,058	622,019

Figures recently published show the extent of the Empire market for automobiles:

Dominion	Population	No. of Automobiles
Australia	5,000,000	78,000
South Africa	6,000,000	29,000
West Africa	23,000,000	2,000
India	315,000,000	25,550
New Zealand	1,226,000	30,000

To these Dominions must be added Great Britain and the other overseas units of the wide-spread British Empire; these latter will call for more and more automobiles as they develop and grow.

Canada's export trade is not confined to the British Empire, but embraces other countries, and the total annual value of automotive products exported is in excess of \$25,000,000.

Industry Twenty Years Old

As Canada's automotive industry travels along its third decade, various problems are being discussed. What is known as "the saturation point" is among the most prominent, though this is being proven to be more theoretical than real, as shown by Mr. T. A. Russell, vice-president of the Russell Motor Car Co., who in a recent speech drew attention to the factor of "replacement," mentioning that the average life of a car was six years.

Using figures of registrations on this basis, at the end of 1914 there were 69,598 cars running, which during 1921 have become obsolete. The registration figures at the end of 1921 will be closely examined by all engaged in the automotive industry, especially in view

of the difficulties in making sales during the past year, to see if cars of six years and over are being eliminated to the extent mentioned.

Many Companies Formed

The Monetary Times has drawn attention to the numerous automobile, truck, tractor, and accessory companies formed in Canada during the past year, only a few of which have actually reached the productive stage. Promoters' selling points, technical arguments and political statements have been arrayed against the imported car and for the "Made in Canada" article. Without taking sides, it may be mentioned that some interesting considerations have to be taken into account in either case. Take a car that sells for \$1,000 in the U. S.; in Canada this will cost something like this:

List price	\$1,000
Dealer's price	\$ 800
New York Exchange, 10% .. .	80
Customs Duty, 35% on \$880... ..	308
Sales Import Duty, 4% on \$1,188 .. .	47

Dealer—\$1,235 Purchase—\$1,435

Or, in round figures, a car listed at \$1,000 sells for about \$1,500 in Canada.

But supposing the car was actually "made in Canada," smaller volume would mean larger overhead; there would be customs duties, etc., etc., on raw materials imported, so that actual price would probably not be less but rather more than above, until sufficient volume could be obtained.

Then take usual procedure of assembling car in Canada from parts supplied by Patent U. S. Company. Here the benefit of large volume reduces overhead, but duty has to be paid on parts imported.

So it will be seen, to produce a low price car in Canada many intricate factors are involved which stock salesmen do not understand or discuss when trying to peddle their offerings.

Motor Transportation

One cannot look back over the past automotive year without noting the increased usage of the motor truck in Canada. The farmer on the prairie hauls his grain by truck. The gypsy in his perambulations has forsaken his horse caravan for a gasoline palace. Freight is carried hither and thither by huge trucks. The motor bus plies on regular schedule, transporting the city's crowds, or carrying children to the rural school. Thus the motor truck has become a sturdy competitor and also a worthy co-partner with the railways, and its uses increase with time.

The Future Outlook

What is the future outlook for the automotive industry in the Dominion? Practically every make of car manufactured in the U. S. is, or has been, sold in Canada. British, French and Italian cars also in evidence, as well as some other European makes, these, together with Canadian-made or assembled cars, totalled at the beginning of 1921 about 407,000 automobiles licensed in all the provinces. This means a car for every 20 persons. During the past year, it is estimated some 50,000 more automobiles were sold, and if anything like normal conditions prevail a similar number will, in the coming year, find purchasers. From reports like those issued by the parent Studebaker Corporation, it may be assumed that the automobile manufacturers will engage in an extensive advertising campaign, coupled with scientific salesmanship to the superlative degree. As to the export market, probably the exchange problem is the hardest one to be combatted there. But the automotive industry in Canada is led by executives who are able and alert to handle whatever situations may present themselves, so taking everything into consideration, the automotive industry, which is a wonder among modern financial and engineering achievements, will continue to expand and grow during the coming year, which is greeting it with a fair outlook.



Rich In The Elements of Success

Agreeable climate, great natural wealth, immensely productive soil, cheap power, efficient labour, prosperous and constantly growing urban and rural population, stable government.

ONTARIO

Offers Great Opportunities For Farmers, Miners, Manufacturers & Investors



AGRICULTURE



DAIRYING



LIVE STOCK



FRUIT FARMING

THE PROVINCE, though great in forests, minerals, water powers and manufactures, is chiefly agricultural. Possessed of much excellent soil and a fine climate, the Province is just at the beginning of development. The vast and fertile area of Northern Ontario provides opportunity for millions to find health, happiness and financial independence.

THE MAGNITUDE and possibilities of Dairying mark the Province as one of the most inviting in the Dominion. The output of Cheese Factories, Creameries, Condenseries and Milk Powder Factories, together with milk delivered in towns and cities and butter made upon the farm, indicates a total probably in excess of any other line of agricultural industry.

THE COMMANDING position of Ontario, its invigorating climate, fertile soil, pure and plentiful water, nutritious grasses, grains and roots, advanced state of agriculture and character of people have made the Province the home and nursery of live stock for Canada and a large part of America.

THE FRUIT BELT of Ontario extends 200 miles from E. to W., and N. and S. for 150 miles at the widest point. It is no small oasis in the desert, but a garden in process of realization on the grandest scale. The yield at present is limited only by the want of adequate labour. Grapes and peaches grow luxuriantly. An authority says: "We have the land, the sunshine and the rain; only we need more men—more enthusiastic fruit growers—to take advantage of these favourable conditions."

THE TIMBER RESOURCES of the Province are among the most valuable on the continent, there being 260,000 sq. miles of available forest areas. The pine is the best in quality found on the American continent and is in constant demand. Hardwoods used in furniture and modern interior equipment are available, and of pulpwood the Province has resources running to 300,000,000 cords at least.

POWER IS plentiful and is sold at low rates to Ontario's citizens. The developed

FINANCIAL HOUSES everywhere recognize that Ontario's securities are classed as "gilt-edged."

ESTIMATED ASSETS

Pine Timber	\$132,000,000
Pulpwood Timber, Ties, Poles, Hardwood, etc.	225,000,000
Mining Lands and Profits	100,000,000
Agricultural Lands.	15,000,000
Water Powers	20,000,000
Sand, Gravel, etc..	1,000,000
Dist. of Patricia, area of 146,000 miles, Timber, Fisheries, Furs and Mining Possibilities	10,000,000
	\$503,000,000

Taxable property in Ontario actually assessed by Municipalities, over

\$2,000,000,000



LUMBERING



POWER



MINING



MANUFACTURING

THE MINERAL resources of Ontario cover practically the entire list of commercially valuable metallics and non-metallics with the exception of coal and tin. The Sudbury camp is the world's chief source of nickel. Ontario contributes over 45% of the total mineral production of Canada.

THE FUTURE for Ontario manufactures is indeed brilliant. Hydraulic power is in abundance and is cheaper than can be derived from coal. Exploration constantly increases the visible store of raw materials. Ample transportation facilities are provided by a network of railways, constantly improving highways, and extensive inland waterways. A prosperous population provides a ready market. Ontario has half the factories of Canada and produces almost every kind of manufactured article. As a profitable field for manufacturers, Ontario has few equals and no superiors.

THE CABINET

Lieut.-Governor: His Honor Colonel Henry Cockshutt; Prime Minister and President of Council: HON. E. C. DUFFY; Attorney-General, Hon. W. E. HANNEY; Treasurer, Hon. Peter Smith; Secretary and Registrar, Hon. H. C. NIXON; Minister of Education, Hon. R. H. GRANT; Minister of Public Works, Hon. F. C. BIGGS; Minister of Lands, Forests and Mines, Hon. Beniah Bowman; Minister of Agriculture, Hon. M. W. DOHERTY; Minister of Labor and Health, Hon. W. R. ROLLO; Minister of Mines, Hon. H. MILLS; Without Portfolio, Hon. D. Carmichael.

Powers Under Dominion and Provincial Charters

Privy Council's Decision in Great West Saddlery Case Was Important Addition to Company Law of Canada—Dominion Companies Not Required to Obtain License Under Certain Clauses of Provincial Acts

IN February 25th, 1921, the Judicial Committee of the Privy Council pronounced judgment in the case of the Great West Saddlery Co. v. The King—a case which involved appeals from Ontario, Manitoba and Saskatchewan and which made far reaching change in the interpretation of the Companies Acts of those provinces. The judgment was mainly concerned with the powers of provincial legislatures to make regulations for Dominion companies trading within the borders of the provinces over which they hold jurisdiction and in addition also decided under what type of provision a provincial legislature might make regulations for the holding of land within the province by an extra provincial company.

Summary of Decision

In brief, the judgment of their Lordships is as follows:

A company incorporated by the Dominion under the Companies Act of Canada (R. S. Can., 1906, c. 79), with power to trade in any Province may, consistently with ss. 91 and 92 of the British North America Act, 1867, be subject to Provincial laws of general application, such as laws imposing taxes, or relating to mortmain or requiring licenses for certain purposes, or as to the form of contracts; but a Provincial Legislature cannot validly enact for the enforcements of such laws sanctions which if applied would sterilize or destroy the capacities and powers which the Dominion has validly conferred.

Accordingly, the Extra-Provincial Corporations Act (R. S. Ont., 1914, c. 179), the Companies Act (R. S. Man., 1913, c. 35), and the Companies Act (Stat. Sask., 1915, c. 14), so far as they purport to preclude Dominion trading companies from carrying on their business in the Provinces unless registered or licensed thereunder, or subject such companies to penalties for so carrying on business, are *ultra vires*.

Sect. 29 of the Companies Act of Canada (R. S. Can., 1906, c. 79), which purports to enable a Dominion company to acquire and hold real estate requisite for the carrying on of its undertaking, does not prevail against a severable provision of a Provincial Legislature restricting the power of corporations generally to acquire and hold land in the Province. Accordingly, the Mortmain and Charitable Uses Act (R. S. Ont., 1914, c. 103) is valid; but the provisions of R. S. Man., 1913, c. 35, and R. S. Sask., 1915, c. 14, as to the holding of land by Dominion companies, are invalid, since the provisions are not severable from the invalid provisions referred to above.

By the judgment, the decisions of the Supreme Court of Canada and of the Supreme Court of Ontario (on the Ontario appeal) were reversed, the decision of Justice Masten of the Supreme Court of Ontario being upheld.

Opinion of Justice Masten Affirmed

Their Lordships summarize Justice Masten's decision in these words:

"Masten, J., before whom the cases came in the first instance, was of opinion that in passing the Extra-Provincial Corporations Act the Legislature of Ontario had exceeded its powers. He pointed out that the Dominion Companies Act had vested in the companies incorporated under its provisions all the powers, privileges and immunities requisite or incidental to the carrying on of its undertaking, and that, in view of the decision in the John Deere Plow Case, the power conferred on the Parliament of Canada to regulate trade and commerce, and to that extent to prescribe these capacities in cases affecting the Dominion at large, must be taken to be paramount and overriding. He thought that s. 7 of the Extra-Provincial Corpor-

ations Act afforded the keynote and the "pith and substance" of that Act, the purpose of which, as applied to Dominion companies, was to preclude them from the exercise of some of their powers and to deprive them of their status in Ontario unless a license were obtained and certain fees paid there. However simple and little oppressive such a process might be, it constituted none the less a direct interference. It had been attempted to support this interference as justified by the powers conferred by s. 92 on the Provinces to raise revenue by direct taxation, to deal with property and civil rights, particularly from the point of view of mortmain, to legislate for the administration of justice, and to impose penalties in furtherance of these ends. But in the opinion of the learned judge these aspects of what had been included in the Provincial statute, except in the case of the mortmain law, had been introduced into it in reality only as ancillary to s. 7, and to the main purpose of asserting a direct control over the Dominion companies before permitting them to carry on their business in the Province. This purpose so permeated the whole Act that it was not practicable to hold certain of its sections valid and others invalid. The provision of s. 9, sub-s. 2, which excluded from any license to be required limitations or conditions restricting the rights of the company to carry on in Ontario all such parts of its business and powers as by its Act or Charter of incorporation it might be authorized to exercise there, did not mend matters. But the provisions of the Ontario Mortmain Act stood on a different footing. For the incapacity to hold lands did not arise because of the application of the Extra-Provincial Corporations Act, but because of the general scope of the Mortmain Act itself, a separate statute which the learned judge seemingly regarded as within the powers of the Province.

Supreme Court of Canada—Davies, C. J.

In the Supreme Court of Canada, in the Manitoba appeal the Chief Justice of Canada dissented and would have reversed. For he took the same view as Perdue, J. A., had expressed in the Court below. He thought that the Manitoba Act, if valid, would deprive the Dominion companies of their status and powers, notwithstanding that the provision in s. 18 of the British Columbia Act prohibiting the registration of an extra-Provincial corporation with a name of which the Registrar disapproved did not occur in the Manitoba Act. But while he formed this opinion about the Manitoba Act he thought otherwise about that of Saskatchewan, which he held had been so framed as to get over the difficulties indicated in the decision in the John Deere Plow Case. (1) His view was that in the latter Act the provisions were confined to the levying of direct taxation, and that its construction was such that if a Dominion company paid the tax it could carry on business without taking out a license. But while arriving at this conclusion he stated that he had done so with difficulty and doubt, and that he considered the statute objectionable in form, though not in essence.

The Questions At Issue

Continuing their judgment, their Lordships say:

"It (divergence of opinion in the Courts below) has arisen over the single question which is the crucial one in these appeals. Can the relevant provisions of all or any of the three sets of Provincial statutes be justified as directed exclusively to the attainment of an object of legislation assigned by s. 92 to the Legislatures, such as is the collection of direct taxes for Provincial purposes; or do these provisions interfere with such powers as are conferred on

BRITISH COLUMBIA

VAST RESOURCES OF CANADA'S PACIFIC COAST PROVINCE

THE Province of British Columbia has an area of 355,855 square miles. The population in 1921 was 450,000. There is estimated to be about 50,000,000 acres of prime agricultural lands open for settlement in the Province, and plans for an aggressive policy of immigration from the old country are now being perfected.

FINANCE

Under the present administration the credit of the Province has been restored, and its finances rest upon a solid basis. The ordinary expenditures are being kept within revenue, and borrowing is only resorted to for necessary capital expenditure of a reproductive nature.

The Public Accounts for the fiscal year ended March 31st, 1912, show the following results:

Revenue (Current Account)	\$15,219,261.82
Expenditure (Current Account)	15,236,931.35
Expenditure (Capital Account)	4,389,749.60

The total assets of the Province exceed its total liabilities by \$26,408,911, an increase of \$3,001,219 over the previous year. These assets do not include the natural resources of the Province, the value of which has never been completely computed.

AGRICULTURE

Agricultural production continues to increase substantially, the value of all farm products in 1920 being \$69,004,953, or an increase of 37% over the production of 1918.

The live-stock statistics show a value of \$14,014,873, meats of all kinds a value of \$4,217,212, dairy products generally a value of \$6,966,757. Poultry and eggs increased in production by \$316,899.

The total vegetable crop was valued at \$8,898,819, and fodder crops at \$17,410,852. The potato crop was a heavy one and was shipped largely to the Prairies, Eastern Canada and the United States.

FISHERIES

As in former years the catch of the British Columbia fisheries has led the Dominion. The value of the catch in 1920 was \$12,612,773, or 48% of the total of the sea fisheries of Canada. Immense quantities of halibut are shipped to the markets of the Atlantic coast. The whaling industry off the West coast of Vancouver Island and off the Queen Charlotte Islands is very prosperous.

INDUSTRIAL

British Columbia offers a splendid opportunity to all manufacturers, having illimitable supplies of all raw materials and transportation facilities by land and sea. There are large bodies of iron ore, and the known deposits of coal aggregate 88,828,523,000 tons.

There is abundance of water power development, complete or under way, amounting to 453,185 h.p. In addition powers to an estimated total of 941,935 h.p. have been staked, and there is over 1,000,000 h.p. more which has been computed by the Water Branch.

The proposals for the establishment of steel mills and steel shipbuilding plants are progressing satisfactorily.

LUMBER

The timber lands of the Province, according to the records, contain 349,568,000,000 board feet of saw material, and in addition there is a vast amount of pulp wood material. In the Queen Charlotte Islands alone there is a stand of twenty-three billion feet of sitka spruce. Modern methods of forest protection and reforestation render these resources inexhaustible. Forest production in 1920, including paper and pulp, was valued at \$92,628,807, an increase of over \$22,000,000 over the previous year.

MINING

The mineral output for 1920 was valued at \$35,550,625, an increase of more than two and one-quarter millions over the year before.

The production of silver and copper increased, but, owing to lower prices, the value showed a reduction. On the other hand, while the production of lead showed a falling off, there was an increase in value through improved market conditions.

One of the most noteworthy features in connection with the mining activity is the development of the zinc industry. Another satisfactory feature is the increased productivity of the collieries, the amount mined in 1920 being 20% in excess of 1919.

Much prospecting and development is in progress under the Mineral Survey and Development Act, and the Department of Mines is carrying on diamond drilling to ascertain the tonnage of several iron deposits.

For any particulars address

BUREAU OF INFORMATION,

Parliament Buildings,

Victoria, B. C.

OR

HON. JOHN HART,

Minister of Finance,

Victoria, B. C.

a Dominion company by the Parliament of Canada to carry on its business anywhere in the Dominion, and so affect its status?

Powers Under B. N. A. Act

The question is one primarily of the interpretation of the British North America Act and in the second place of the meaning of the principle already laid down by this Committee in the John Deere Plow Case. (1) The constitution of Canada is so framed by the British North America Act that the difficulty was almost certain to arise. For the power of a Province to legislate for the incorporation of companies is limited to companies with Provincial objects, and there is no express power conferred to incorporate companies with powers to carry on business throughout the Dominion and in every Province. But such a power is covered by the general enabling words of s. 91, which, because of the gap, confer it exclusively on the Dominion. It must now be taken as established that s. 91 enables the Parliament of Canada to incorporate companies with such status and powers as to restrict the Provinces from interfering with the general right of such companies to carry on their business where they choose, and that the effect of the concluding words of s. 91 is to make the exercise of this capacity of the Dominion Parliament prevail in case of conflict over the exercise by the Provincial legislatures of their capacities under the enumerated heads of s. 92. It is clear that the mere power of direct taxation is saved to the Province, for that power is specifically given and is to be taken, so far as necessary, on a proper construction to be an exception from the general language of s. 91, as was explained by Sir Montague Smith in delivering the judgment of the Judicial Committee in *Citizens Insurance Co. v. Parsons*. (1) Nevertheless, the methods by which the direct taxation is to be enforced may be restricted to the bringing of an action, with the usual consequence, which was all that was decided to be legal in *Bank of Toronto v. Lambe*. (2) It does not follow that because the Government of the Province can tax it can put an end to the existence or even the powers of the company it taxes for non-compliance with the demands of the tax-gatherer.

The Ontario Mortmain Act

The principle of interpretation to be followed in applying the test laid down in the John Deere Plow Co. Case that Provincial legislation cannot validly destroy the status and powers conferred on a Dominion company by Act of the Parliament of Canada, does not appear to be obscure when read in the light turning to its application, the first thing to be observed is the nature of the questions to be answered. Their Lordships will dispose in the first place of a subsidiary matter, which is whether a Dominion company can be precluded from acquiring and holding land in a province by a Provincial law of the nature of a general Mortmain Act. It is clear, both on principle and from previous decisions, that it is within the competence of a Provincial Legislature to enact such legislation, and the question is therefore answered in the affirmative. If there be a provision to this effect, occurring even in a statute which in other respects is ultra vires, and that provision be severable, it is valid. In the Ontario case there is therefore no doubt that the broad result of the contention of the Province under the head is well founded; for there the Legislature has passed a Mortmain Act of general application, and in regard to this Act a Dominion company is in no better position than any other corporation which desires to hold land.

Power To Hold Land in Manitoba

In Manitoba there is no general Mortmain Act, but as 112 of the Manitoba Companies Act enables a corporation receiving a license under Part IV. of the Act, relating to extra-Provincial companies, to acquire and hold land as freely as could any company under Part I. of the Act. Even if the provision as to the licensing of extra-Provincial companies is held to be ultra vires, so as to prevent such a provision from being operative, as being inseverable, it is plain that the substance of a provision which is of the character of a mortmain law is within the power of the Province.

Power To Hold Land in Saskatchewan

In Saskatchewan there is no general Mortmain Act, but the Companies Act of 1915, by s. 19, enables a company incorporated under the law of the Province to hold land. By s. 25 a company not so incorporated (and this includes a Dominion company) may, if it has been licensed, carry on its business as if it had been incorporated under the law of the Province. This enables it to hold land unless the provisions as to the grant to it of a license are inoperative. Their Lordships do not think that s. 29 of the Companies Act of Canada, which purports to enable a Dominion company to acquire and hold real estate requisite for the carrying on of its undertaking, can prevail against an inseverable provision by a Provincial Legislature restricting the power of corporations generally to acquire or hold real estate in the Province.

The Main Question

Their Lordships then dealt with the main question raised by these appeals, viz: "Had the Provinces of Ontario, Manitoba and Saskatchewan power to impose on Dominion companies the obligation to obtain a license from the Provincial Government as a condition of the exercise in these Provinces respectively of the powers conferred on them by the Dominion?"

Extra Provincial Corporations Act of Ontario

"As to Ontario, the statute impugned is the Extra-Provincial Corporations Act in its application to Dominion companies. Their Lordships have come to the conclusion that the real effect of this Act, as expressed or implied by its provisions, is to preclude companies of this character from exercising the powers of carrying on business in Ontario, to the same extent as in other parts of Canada, unless they comply with a condition sought to be imposed, that of obtaining a license to do so from the Government of the Province. By section 7 such companies are expressly prohibited from doing so, and the provision in s. 9 s.s. 2, that no limitations or conditions are to be included in such a license as would limit a Dominion company, for example, from carrying on in the Province all such parts of its business, or from exercising there all such parts of its powers, as its Act or charter of incorporation authorizes, does not in their Lordships' opinion sufficiently mend matters. For the assertion remains of the right to impose the obtaining of a license as a condition of doing anything at all in the Province. By section 11 the grant of the license is made dependent on compliance with such regulations as may happen to have been made by the Lieutenant-Governor in Council under sections 2 and 10 of the Act. By section 16 and also under section 7 itself an extra-Provincial corporation required to take out a license is to be fined for not doing so, and, under section 16, is to be incapable of suing in the Courts of the Province. Their Lordships are of opinion that these provisions cannot be regarded as confined only to such limited purposes as would be legitimate, and that they are therefore ultra vires.

Extra Provincial Corporations Act of Manitoba

Taking next the Companies Act of Manitoba, Part IV. of this Act deals with extra-Provincial corporations, including Dominion companies. The effect of the scheme of this part does not appear to their Lordships to differ in any feature that is material from that of the Ontario Act. Inter alia, a Dominion company must take out a license, which it is entitled to receive if it complies with the provisions of the Act and with regulations to be made by the Lieutenant-Governor in Council. There may, under s. 111, be limitations and conditions specified in the license, and if the company makes default in complying with these or certain other provisions, the license may be revoked under s. 121. Unless the company obtains a license it cannot, nor can any of its agents, carry on business in Manitoba. Penalties are imposed for carrying on business without a license, and so long as unlicensed the company cannot invoke the jurisdiction of the Courts of the Province. It does not alter the scope of these provisions that by s. 126 fees are payable for the license, to be applied to the benefit of the revenue of the Province.



361,000

horse - power of
hydro - electrical
energy, of which
136,000 horse-
power is now de-
veloped, awaits
industries in Van-
couver and vicin-
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as 8/10 of a cent
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Their Lordships are unable to take the view that these sections regarded together are directed solely to the purposes specified in s. 92. They interpret them, like those of the Ontario statute, as designed to subject generally to conditions the activity within the Province of companies incorporated under the Act of the Parliament of Canada. The restriction in this statute as to the holding of land cannot be severed from the general provisions as to licensing so as to make those restrictions enforceable as being in the nature of Mortmain legislation.

Extra Provincial Corporations Act of Saskatchewan

The statute remaining to be considered is that passed by the Legislature of Saskatchewan in 1915, a general Companies Act which, however, contains provisions applicable to Dominion companies. By s. 23, if such companies carry on business in Saskatchewan, they must be registered under this Act, and if they carry on business without registering, the companies, and also the agents acting for them, are made liable on summary conviction to penalties. By s. 24 such companies are entitled to be registered on complying with the provisions of the Act and on paying the prescribed fees. There are also payable annual fees. By s. 25 such companies may upon certain conditions receive a license to carry on business in Saskatchewan, and if they carry on business without a license are guilty of an offence and liable to penalties. By s. 29, where the Registrar satisfies himself in the prescribed manner that a company registered under the Act has ceased to carry on business, he may strike the company off the register, and it is then to be dissolved. By s. 30, if the registration fees prescribed by the regulations made by the Lieutenant-Governor in Council be not paid, the Registrar is to strike the company off the register.

Here again their Lordships think that the Provincial Legislature has failed to confine its legislation to the objects prescribed in s. 92, and has trenched on what is exclusively given by the British North America Act to the Parliament of Canada. If the Act had merely required a Dominion company, within a reasonable time after commencing to carry on business in Saskatchewan, to register its name and other particulars in the Provincial register and to pay fees not exceeding those payable by Provincial companies, and had imposed upon it a daily penalty for not complying with this obligation, it could (their Lordships

think) be supported as legitimate machinery for obtaining information and levying a tax. But the effect of imposing upon such a company a penalty for carrying on business while unregistered is to make it impossible for the company to enter into or to enforce its ordinary business engagements and contracts until registration is effected, and so to destroy for the time being the status and powers conferred upon it by the Dominion. Further, if it is the intention and effect of the Act that a Dominion company when registered in the Province shall be subject (by virtue of the definition section or otherwise) to the general provisions of the Saskatchewan Companies Act or shall become liable to dissolution under s. 29, the Act would open to question on that ground; but it is right to say that such a construction was disclaimed by counsel for the Attorney-General of Saskatchewan and (as regards the liability to dissolution) has been excluded by an amending Act passed while these proceedings were pending section 25 of the Saskatchewan Act, which requires a Dominion company to obtain a license, stands on the same footing as the enactments in Ontario and Manitoba which have been held void as ultra vires; and in this case also the restrictions on the holding of land are not severable from the licensing provisions and are invalid on that ground.

Summary

The proper course will be to allow the appeals and to declare: (1) That in the case of all four appellant companies the provisions of the parts of the Provincial Companies Acts which were the subject of the proceedings in the Courts of the Provinces of Ontario, Manitoba and Saskatchewan, in so far as they purport to apply to the appellant companies respectively, are ultra vires of the Provincial Legislatures in each case and that these companies are not precluded by reason of not having been licensed or registered under those Acts from carrying on business and exercising their powers in the three Provinces, and are not liable to the penalties prescribed for having so carried on business and expressing their powers. (2) That in the case of the Province of Ontario, none of the appellant companies can acquire and hold lands in the Province, without a license under the Provincial Mortmain Act and that it is within the power of the other Provincial Legislatures to impose the requirement of a license directed to this purpose. The judgments of Master J., in the Ontario cases will be restored and the other proceedings dismissed."

Legal Decisions Affecting Industrial Companies

Marks vs. The Rocsand Co., Ltd.—National Trust Co. vs. Gilbert—Welland Hotel vs. City of Montreal— Winding-up a Company Under the Dominion Act

The four cases reviewed herein are concerned chiefly with matters of interest to manager of companies—the notable case of the year on this subject, that of *Great West Saddlery Co. v. the King* having been dealt with separately because of its extreme importance, not only in Corporation Law but also in Constitutional Law.

A Company's Difficulties

In the first case, that of *Marks v. The Rocsand Co. Ltd.*, the defendant company was incorporated on the 24th June 1914, as a private company under the Ontario Companies Act with an authorized capital stock of \$100,000, with five provisional directors and head office at Hamilton. All the capital, consisting of 1,000 shares, was issued and fully paid up.

In 1917 and the early part of 1918 the company was in a bad way and was involved financially. At a meeting of shareholders, held on the 28th May, 1918, the plaintiff, who then held 100 shares, submitted a proposition to purchase 51 per cent of the stock and to advance certain moneys to the company. This proposition resulted in the

plaintiff and Mr. H. N. Kittson, one of the original incorporators, and already a holder of 280 shares, together advancing certain moneys and acquiring certain additional shares, so that by the 12th June, 1918, the plaintiff had 260 shares and Kittson 387, making 647 in all out of the 1,000 issued shares, thereby giving the plaintiff and Kittson control.

The plaintiff says that there was an arrangement made with Kittson whereby the plaintiff was to become general manager of the company, and that he and Kittson, were to be remunerated for their services. The plaintiff says he wrote to Kittson in July, 1918, stating that he (the plaintiff) was to draw \$200 per month as salary, and that Kittson was to receive \$50 per month for his services in looking after the business at Hamilton.

It is admitted that there was, at that time, no meeting of directors, formal or otherwise, at which the plaintiff was authorized to act as manager or in any other capacity, but there is no doubt about the fact that from about the middle of June, 1918, onwards, Marks looked after the business of the company from its Toronto office, Bady, the secretary-treasurer, being engaged at the plant at Erin.

EDMONTON

THE CAPITAL CITY OF ALBERTA

In the Most Strategic
Location in the West

**Gateway to the Great Peace River Country and the Mackenzie Basin,
with Oil, Tar, Salt and other Minerals, in addition to
Vast Grazing and Agricultural Areas.**

Edmonton is an important Industrial, Agricultural and Distributing Point, with three Transcontinental Railroads: the C.P.R.; the C.N.R., and the G.T.P., besides the E.D. and B.C. and Alberta and Great Waterways and other branch lines.

Edmonton manufactures goods of every description. The City is underlaid with an unlimited supply of Lignite Coal, ensuring absolute freedom from fuel shortage. The surrounding district includes some of the most productive mixed farming lands in the West.

The City owns and operates Electric Light and Power Plant, Street Railway, Telephone and Waterworks Utilities, and, as the statement below indicates, they are earning substantial surpluses.

SUMMARY OF NET FUNDED DEBT AS AT 31st October, 1921.

Gross Funded Debt	\$27,950,716.84
Deduct:	
(1) Local Impts. Debens. (Property Share) 4,440,690.71	
(2) Utilities	10,923,057.56
	15,372,748.27
(3) Sink. Fund Invest. of \$6,323,988.84 on Gross Funded Debt, less Sink. Fund of \$3,886,613.15 on foregoing specially rated and Revenue Producing Debt..	2,437,375.66
	17,810,123.93
Net Debenture Debt	\$10,110,592.91

PUBLIC UTILITIES—RESULTS OF OPERATION FOR TEN MONTHS ENDING 31st October, 1920-1921.

Surpluses.	1920.	1921.
Electric Light	23,861.72	100,036.59
Power House (Inc. Pump Plant)		33,457.59
Telephone	47,558.01	63,544.22
Waterworks	3,989.28	28,601.16
	\$75,412.01	\$226,039.56
Less Deficit:		
Street Railway	154,617.76	51,296.03
Power House (Inc. Pump Plant)	33,277.15	
	\$192,894.91	\$51,296.03
Net Surplus		\$174,743.53
Net Deficit	\$117,482.90	

SINKING FUND INVESTMENTS.

	Amount.	%
Dominion of Canada Bonds	618,773.04	9.84
Bonds Guaranteed by Dominion	4,034.97	.06
Bonds of, and Securities guaranteed by, Pro- vinces of Canada	406,768.44	6.47
Debens. of Municip. & School Districts in Canada	672,250.31	10.69
City of Edmonton Debns. bought in Market..	1,294,172.97	20.53
City of Edmonton Short Term Debentures....	104,377.29	1.61
City of Edmonton Debns. bought from City ..	401,685.64	6.39
	3,499,071.66	
Cash on Hand and in Bank	220,208.17	3.65
	3,728,280.13	
First Mortgage over Real Estate	1,094,130.51	17.39
Real Estate acquired (Less. Deprecn.)	69,738.20	1.11
	4,892,148.84	
Interest Due and Accrued	302,755.36	4.81
Bills Receivable	1,094,608.64	17.4
	6,289,512.81	
Less Accounts Payable	1,390.78	
Total Fund (31st Dec., 1920)	\$6,288,122.06	100.

SPECIAL FINANCIAL FEATURES.

Depreciation Reserves amount to	\$ 668,003.36
Special Reserve against Uncollectible Taxes	1,000,559.94
Sinking Fund Requirements fully Provided for	6,288,122.06
Collection of Current Tax Levy (1920)	73.39%
Total Tax Collections (Incl. of Arrears & Discount allowed on Current) 1920	4,108,400.58
Bank Loan on Current Account 31st Oct. 1921	583,998.01
Net Assessment on Land (1921)	61,847,580.09
Improvements	13,866,405.00
	\$80,213,985.00
Building Permits (1921), 10 Months	1,529,000.00
Building Permits (1920), Year	3,231,953.00
City's Assets	\$31,000,000.00
Tax Rate (1921)	
General	24.25
School	15.65
	39.90
Population, 60,000.	
Area of City 27,900 Acres.	

D. M. DUGGAN,
MAYOR.

C. J. YORATH,
COMMISSIONER.

On the 9th of September, 1918, a meeting of shareholders which is styled the "Annual General Meeting" was held.

No mention is made of the plaintiff's position as manager or of any salary to him. The plaintiff continued, however, to perform the duties which he had entered upon in June, and Mr. Kittson admits that from that time he regarded the plaintiff as the "managing director" of the company. As he put it, the plaintiff was the director who managed the company.

The company's business was not improving and in October, 1918, Marks wrote Kittson asking him to call a shareholders meeting. This was not done, so Marks called the meeting, signing the notices as "manager."

There was some question as to the regularity of this meeting. The plaintiff had no authority, as manager, to call a meeting of shareholders. Nor did the president's failure or refusal to call a meeting justify the plaintiff in assuming the right to call it. A special general meeting of shareholders can be called only upon the authority of the directors; and, although the plaintiff held a sufficient number of shares to enable him to exercise his right to have a meeting called under sec. 46 of the Ontario Companies Act, he did not follow the requirements of that section. So that, unless all the shareholders were present at the meeting, or were represented by proxy after due notice of the business to be transacted, no resolution passed thereat could bind the shareholders.

The Supreme Court of Ontario on these facts, gave a decision, important in two respects:

(1) The manager of a private company incorporated under the Ontario Companies Act has no authority, as manager, to call a meeting of shareholders, and where a meeting has been called by him as manager "to discuss matters of importance pertaining to the company's affairs," unless all the shareholders are present at the meeting, or are represented by proxy, after due notice of the business to be transacted, no resolution passed thereat can bind the shareholders. (2) No by-law of a company is necessary for the employment of a director in some other capacity, or for his remuneration for such additional services; and where the evidence shows that a shareholder definitely undertook by arrangement to manage the company's affairs, and that he expected to be remunerated for his services, and that this was recognized by nearly all the other shareholders, he is entitled to be paid for such services.

Sale of Company's Assets

The Saskatchewan Court of Appeal in *National Trust Co. v. Gilbert* held that as the sale price of certain lots is admittedly an asset of a company, the sale price does not cease to be an asset even if each director individually takes a portion for his own use, when he or they have not received authority from the company to do so, and, on an assignment being made by the company, the property in the money never having passed out of the company, the assignee is entitled to sue for its return.

The chief part of Mr. Justice Newland's decision follows: "The three defendants were the only members of the Saskatoon Trading Company. They were also the directors of the company. The company owned two lots of land which it sold. The proceeds, after paying for the land, were divided by the three defendants amongst themselves. No dividend was declared, they simply divided amongst themselves certain assets of the company. They could not, in my opinion, make title to this property in that way, therefore the amount each one took out of the assets of the company would still be the property of the company, and each of the defendants would hold the amount he obtained in that way in trust for the company. The company has since become insolvent and has made an assignment for the benefit of creditors, and the assignee brings this action to recover the amount of the assets so disposed of.

"I think the assignee has the right to recover. The defendants, having no legal title to the assets of the com-

pany which they divided amongst themselves, have no right to retain the same, and must hand the same over to the assignee in order that it may pay the debts of the company. Having had the use of this money for some time, they should pay interest on the same at the legal rate."

Welland Hotel v. Montreal

In the case of *Welland Hotel v. City of Montreal* the Quebec Superior Court dismissed the City's appeal contesting distribution to creditors by the liquidator of a company and claiming priority for certain of its claims.

The liquidator of the company had prepared a statement showing the distribution to creditors of the sum of \$10,-278, realized by time. The City of Montreal contested this distribution. It alleges that it produced a claim of \$666, for water rates and business tax for the year 1917; that this claim is privileged, but was not placed in its proper class of creditors; that the claim of the contestant takes precedence of the fees of the liquidators and inspectors and all other expenses of the insolvent estate, other than those necessary for the inventory and the sale of the property, subject to the privileged claim of the contestant and for the distribution of the proceeds of the sale of the property.

"Considering that this is a matter of the liquidation of a joint stock company, and that such liquidation is governed by a Dominion statute, namely, the Winding-up Act, R.S.C. 1906, ch. 144; that ch. 144 contains, in the matter of the liquidation of companies with capital stock, special provisions which the Court shall apply before all other general laws and that it is only when this chapter is silent that recourse must be had to such general laws."

Winding up Companies

The Supreme Court held that when a company in Quebec is being wound up under the Dominion Winding-Up Act, the distribution of moneys must be made in accordance with that Act and not under the Civil Code of Quebec, and that where a liquidator has been duly authorized to carry on a company's business, whereby certain assets have been realized, the expenses of the employees, the fees of the liquidator and inspectors, the costs of the attorneys, the costs of the first seizure and the rent during the period of liquidation, all have preference under the Dominion Winding-Up Act to any claims by the City Corporation for water rates and business tax.

In another case the Ontario Supreme Court held that voluntary winding up does not constitute insolvency.

"The Empire Timber Lumber and Tie Co., Ltd., is incorporated under the Ontario Companies Act and is now in process of winding-up voluntarily under the provisions of the Act, in pursuance of a resolution of the shareholders passed on the 3rd. July, 1920. The resolution also appointed Mr. John S. Stewart liquidator. The company has a nominal capital of \$85,000. The evidence as to the nature and extent of the company's assets and liabilities is a little vague, but it appears to have certain sawmills and equities in or options upon timber lands and some lumber on hand, all valued at approximately \$35,000, with liabilities, secured and unsecured, of about \$30,000. The petitioners, Hall Brothers, Ltd., are creditors upon an overdue promissory note for \$591.70 and interest. No judgment has been recovered upon this note, nor has there been default for 60 days after demand made, under sec. 4 of the Dominion Winding-up Act.

"The petitioners make no allegation of insolvency, but rely solely upon the fact that they are creditors, and that the company has passed a resolution to wind up voluntarily, and ask that it be declared that the company is a corporation to which the provisions of the Winding-up Act are applicable and that the company ought to be wound up under that Act."

Mr. Justice Orde in his judgment said,

"Now, assuming for the sake of argument that, in the exercise of its power to legislate upon the subject of 'Bankruptcy and Insolvency,' under sec. 91 (21) of the British North America Act, the Dominion Parliament can declare that the passage of a resolution to wind up voluntarily ipso

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Premier Educational, Commercial and Industrial Centre
of Saskatchewan

Provincial
University

Agricultural
College

Normal
School,
Collegiate
and
Splendid
Public
Schools



Flour
Milling

Farm
Machinery
and other
Manufacturing

Wholesale
Distributing
Point for
Canada's
Best Wheat
Growing and
Mixed
Farming
Territory

(Three views of Saskatoon as seen from the air)
Population (estimated), 30,000
Net assessment for taxation, \$27,854,483

FUNDED DEBT

Total debentures issued, including Public Utilities and Local Improvements \$9,944,741.74
Net debenture debt (Public Utilities and Local Improvements deducted) 2,901,701.92

PUBLIC UTILITIES

After paying all operating costs, including interest, Sinking Fund and depreciation, the net profit or loss on the City's three utilities for 10 months ending October 31st, 1921, was as follows:—

Electric Light and Power Plant, profit \$13,701.47
Waterworks, profit 16,095.41
Street Railway, loss \$59,796.88
15,416.77

Net profit \$44,350.11
The estimated profit on the Utilities for year ending December 31st, 1921, is \$70,000.

A. MacG. Young, Mayor

On June 10th, 1921, the Street Railway was put under one-man operation, and since then has actually made a profit, the above loss having been incurred in the early part of the year before adoption of the one-man system of operating.

PUBLIC UTILITY DEBENTURE DEBTS

	Gross	Sinking Fund	Net
Elect. Light and Power	\$1,721,912.10	\$248,563.80	\$1,472,648.30
Waterworks	\$52,930.05	137,581.12	715,348.03
Street Railway	\$51,035.90	100,650.14	750,385.76
Totals	\$3,425,178.05	\$486,795.06	\$2,938,382.99

SINKING FUND, OCTOBER 31ST, 1921

Assets	
Cash in Bank	\$50,942.81
Balance due from 1920 levy	\$0,589.57
Proportion of 1921 levy accrued due	\$140,171.40
LESS deposited on acc't	\$9,000.00
	51,171.40

Investments (all Bonds, chiefly Dominion & Provincial Gov't) 1,875,189.70
Accrued int. on investments 57,995.31
\$2,031,588.92

Liabilities

Amount required in fund at anniversary of issue date of debentures \$1,892,867.55
Accrued int. from said dates to Oct. 31st, 1921 33,079.55
\$1,925,947.10

Installments deposited in advance Premiums on debentures issued 23,244.00
Surplus earnings 54,711.06
\$2,031,588.92

CITY'S total assets, Dec. 31st, 1920 \$11,363,335.23
Bank loan, October 31st, 1921 \$583,506.00
Depreciation Reserve \$325,971.00

Andrew Leslie, City Commissioner

facto makes the company insolvent, I am unable to see how or where in the Winding-up Act it has so declared. Among all the different conditions which the Act, by sec. 3, declares shall be deemed to be insolvency, the voluntary winding-up of the company is not mentioned. On the contrary, sec. 6 makes the Act applicable in two classes of cases: (a) when the company is insolvent; and (b) when it is in liquidation or in process of being wound up—showing that there may be cases of liquidation or winding-up which do not necessarily constitute insolvency. With all due respect to the decision in the Manitoba case, I am utterly unable to follow the reasoning which leads to the

conclusion that, because the Dominion Parliament has power to declare what shall constitute insolvency, the Winding-up Act has in effect declared that a voluntary liquidation or winding-up is 'a species of insolvency.' In my judgment, the Dominion Act has done no such thing. If it has declared anything at all in this respect, it is that a voluntary liquidation or winding-up may not involve insolvency at all. In my judgment, the mere fact that a provincial company is in process of voluntary winding-up does not of itself make the company insolvent under the Dominion Act."

Developments in the Grain Trade in 1921

The Royal Grain Inquiry, and the Objections to Its Methods— Some After-Effects of Government Control of the Grain Trade—Importance of Business Conditions and Foreign Exchange

(Address by the Incoming President at the Annual Meeting of the Winnipeg Grain Exchange, October, 1921)

My predecessors have presented to you at the four last annual meetings of the Winnipeg Grain Exchange a review of conditions in the grain trade under government control and regulations necessary during the latter part of the war period and for two crop seasons following the signing of the armistice.

When war time conditions made this control necessary, the grain trade in a self-sacrificing spirit, unselfishly accepted the dictates of those directing the governmental grain marketing policy; placed also at their disposal the various grain handling plants and organizations of the trade, which were found by the government to be of such natural fundamental soundness and efficiency that little if any alteration in their general methods of grain handling were made necessary for a few men, (the members of, first, the Board of Grain Supervisors, and second, the Canadian Wheat Board), to control and direct the marketing of our wheat production for three crop years.

During this period operating costs generally both human and physical were advancing; no advances however of any consequence, or increased charges for grain handling services were made by or allowed by the trade.

The Royal Grain Inquiry

While we have now completed the business of a year free from government control or regulations with respect to wheat marketing, such as the war time era accustomed us to, the trade has not been free from the shadow of government influence; hence, a retrospective review of affairs of paramount interest to you during the past year brings before us the action of the Dominion government in appointing the Royal Grain Inquiry Commission.

It is not necessary to describe in detail the legal proceedings taken by some of our individual members against this Commission.

As you are aware, the grain trade had no objection to a scientific investigation into the methods of grain marketing, and the trade appointed committees to prepare evidence to be submitted to the commission in justification of the existing marketing methods, but the methods of the Royal Grain Inquiry Commission were such that co-operation between commission and the trade became impossible.

The Commission, apparently, regarded themselves as a substitute for the Board of Grain Commissioners on the one hand and the Law Courts on the other, also the commission apparently claimed the right to pry into the details of the private business of every individual and firm in the grain trade, and in doing this they proceeded by methods which put the grain trade to inconvenience and loss.

As a result, some individual firms, applied to the courts for an injunction, and the injunction was made permanent by Mr. Justice Curran of the King's Bench of Manitoba.

Objection to Methods

It is important that you realize what the real issue fought out in the courts was. Nobody objected to a scientific inquiry into matters of grain marketing, but everybody objected to the procedure and methods of the commission and especially to their claims in regard to private business, and not merely the whole of the grain trade, but all business men in Canada ought to congratulate themselves upon the fact that regardless of the government's attempt, individuals still may secure through the courts those legal rights without which business cannot be successfully be carried on.

Prior to the war the grain trade had been the subject of frequent investigation by federal and provincial inquiry boards and committees. We will not burden you with details as to these investigations conducted in 1897, 1899, 1906, 1907, 1909, 1910, 1912 and 1914. None of their findings were adverse in nature to our general methods and system of grain marketing.

The Royal Grain Inquiry Commission sent exhaustive questionnaires to the individual members of the trade, to the various trade organizations and to your exchange. Recognizing that the services of the Winnipeg Grain Exchange are of a semi-public nature the fullest information available was compiled and submitted to the commission by your secretary, and when completed made a splendid review of the functions, value and necessity of the Winnipeg Grain Exchange, as the biggest essential factor in the economical movement and financing of our Western grain crops.

Conditions Were Abnormal

Many of you realize that a return to normal open wheat markets would not be easily accomplished. It is not to be expected that during a year of distorted financial conditions, erratic foreign exchange markets and general commercial readjustment, that departure from a governmental policy of wheat handling, which saddled the consumer or the producer with any losses which might be made, would be accomplished with safety and satisfaction to all concerned.

It could not be expected that the findings of a commission, if based upon the abnormal marketing conditions prevalent during the past year, would be of any great practical value, assistance or benefit to the producer, the trade or the consumer. That it could, under these conditions, be expected to achieve anything of value we doubt. The real intent of this inquiry may never be acknowledged.

If, as stated by the government, this trade investigation was instituted because of agitation to this end emanating from the producer, perhaps we can trace at least a partial engendering and festering of this sentiment to the British governmental wheat buying policy. Was not the producer's expectation of high values for wheat unduly stimulated by this policy?

THE PROVINCE OF NEW BRUNSWICK

ONE OF THE MOST THRIFTY AND STABLE OF THE DOMINION OF CANADA

ABUNDANT IN NATURAL RESOURCES, namely: Forest Wealth, Agriculture, Fisheries, both deep sea and inland; Coal, Gypsum, Natural Gas, etc., etc.

Large tracts of hardwood available to Manufacturers.

Water Power Sites advantageously located.

ELECTRIC POWER now being developed by the Government of the Province; the success of same is assured.

THE LAND OF BIG GAME; thousands of sportsmen hunt yearly the moose, deer and bear. The salmon and trout fishing is unsurpassed.

GREAT OPPORTUNITIES for persons desiring valuable farm properties with railroad and water transportation facilities adjoining.

Many sections of the Province, including the St. John River Valley, are well adapted to apple culture.

ONE WEEK'S JOURNEY FROM EUROPE.

GOOD ROADS AND SAFE BRIDGES, the joy of the Motorists, characterize the Highways of New Brunswick.

THE NATURAL SCENERY is likened unto Scotland's.

THE WORLD-WIDE BUSINESS DEPRESSION has been felt in this Province in but a small degree compared with other countries.

FINANCIAL AFFAIRS are carefully and judicially administered.

PROVINCIAL SECURITIES command highest prices and are readily absorbed when offered.

For particulars respecting the Natural Resources, write to the Minister of Lands and Mines, Fredericton, N.B.

PROVINCIAL CABINET

Hon. W. E. Foster, Premier; Hon. J. E. Hetherington, Provincial Secretary-Treasurer; Hon. J. P. Byrne, Attorney-General; Hon. P. J. Veniot, Minister of Public Works; Hon. C. W. Robinson, Minister of Lands and Mines; Hon. D. W. Mersereau, Minister of Agriculture; Hon. W. P. Roberts, Minister of Health; Hon. J. E. Michaud, Minister without Portfolio; Hon. Fred Magee, Minister without Portfolio.

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The Market in 1921

To follow this thought we have to visualize market conditions of the past twelve months and review the situation in North American grain markets early in the summer of 1920, during which period the grain trade and the various exchanges in the United States were returning to their normal functions and activities, and when the balance of our 1919 wheat crops was being marketed by the Canadian Wheat Board.

At that time buying for overseas or European requirements was being largely conducted by various governmental agencies. Those in charge of this work for Great Britain made heavy purchases of the balance of our 1919 crop and of American new crop wheat. This procedure apparently created an unduly high artificial level of prices during the early summer and the action of the British Wheat Commission in discontinuing wheat purchases late in July, 1920, and abstaining from further material purchases during the balance of the summer and early fall, being the period of heaviest pressure from crop movements on the North American continent, left all Canadian and U. S. grain markets in an extremely abnormal position.

Trading in wheat futures on the Chicago Board of Trade was commenced July 15th, and at about the same time on various other grain exchanges in the United States.

The 1920 Crop

There was, therefore, made available to the United States producer and grain trade an opportunity to market a part of the then maturing 1920 spring and winter wheat crops of their country. The Canadian Wheat Board was at that time in sole control of the marketing of Canadian wheat, their activities being, however, confined to the disposal of the balance of our 1919 crop. The Winnipeg Grain Exchange could not be opened for trading in wheat until the policy of the Dominion Government for another crop year had been determined upon, and although urgent representations were made at Ottawa for an early and definite decision on the government's approval of our return to open markets for wheat was not definitely and finally known until August 3, 1920, and this sanction of open trading was made subject to conditions of the Enabling Bill which had been passed by parliament early in the summer, and which authorized the re-appointment of the wheat board by order-in-council if at any time this was deemed expedient.

Arrangements were immediately made for the opening of wheat trading on the Winnipeg Grain Exchange, as you know, the date being set for August 18, 1920. Mark, now, it was therefore after the middle of August before open market facilities were available for trading in Canadian wheat of the 1920 crop; also, note the large purchases by the British Wheat Commission in May, June and July, and their withdrawal as buyers from the markets on July 29th, 1920, and their almost total abstinence from further purchases till late in the fall or early winter.

Effect of Government Control

The wisdom or necessity of this policy we do not know; the war was over; the armistice had been signed some eighteen months; declining prices of many commodities were then apparent and generally expected, while wheat supplies were not plentiful, the condition of the growing crops was then not distinctly unfavorable toward the production of sufficient wheat supplies for the ensuing year. What, therefore, actuated the British Wheat Commission in making extensive purchases for the creation of large reserves at this time? It would not have been, we feel, the policy of the merchant grain and milling trade functioning under normal conditions: shrewd purchasers would not buy heavily, at the tail end of a crop year, supplies for several future months' requirements at a level of prices as high or higher than any established during the war when, both before and after government control of wheat marketing, conditions of transportation, finance and necessity for accumulation of food reserves justified any price or means to obtain desired supplies.

The effect of this governmental buying policy is well known now. It created an artificial price level; it led to a misconception on the part of the producer and many in the grain and milling trade as to what might be expected for prices for the then growing crops.

The earlier return to open wheat markets in the United States provided means for the sale of United States wheat, while Great Britain was making these unwelcome purchases. Conditions in this country as to government operation of the wheat board left us unable to sell our growing crop.

The 1921 Crop

It requires little imagination to see the abnormal situation facing the grain and milling trade when our markets were opened for trading on August 18th and for several months thereafter. Our largest buyer of wheat surfeited with supplies at high prices and out of the market at the time of the heaviest pressure of our crop movement, when under usual conditions there would be active and daily buying for both immediate and future requirements.

This situation was not apparent for some time; other countries were buying heavily, particularly our neighbors to the south; however, deflation in values of all farm products, hides, livestock, etc., also commodities such as cotton, copper, textiles, sugar, etc., was well on and wheat prices receded from the high levels of the early summer. A storm of protest against the open grain exchange methods of marketing grain swept over the continent. Much unfavorable and misinformed criticism was directed against us. Most of it destructive in suggestion and little, if any, of a constructive nature or help in improving and maintaining or stabilizing the existing methods of grain marketing and finance. Had the present system not been fundamentally sound and economically efficient, it could not withstand the attacks which have been made upon it, attacks having in many instances, ulterior motives and also to an extent against the grain trade that no other industry or section of commercial life has had directed against it.

Deflation in Grain Trade

The world today knows and hears much of deflation in values; many erstwhile prosperous business concerns have been mired and dragged to financial insolvency from its effects: our producers of grain have suffered most severely from its consequences; the grain and milling trade have not been free from huge losses from it. It is, however, a remarkable tribute to the soundness of our grain marketing system that since our wheat markets were opened on August 18, 1920, there has never been a business day when grain could not be sold or bought and at public and well-known prices in open competitive market places where buyer and seller meet to trade under established and uniform regulations for the making and fulfilment of contracts, and where the fullest information as to the world's crop and marketing conditions are made available for their use, and for public dissemination; that notwithstanding the commercial hazards incident to the deflation period, our trade as a whole have met their obligations to the producer as a seller, and to the consumer as a buyer, with a minimum of financial embarrassment to all involved. A study of the contract in this report as between the marketing of grain and the sale of many other products of the farm, such as wool, hides, livestock, etc., cannot but reflect to the credit, commendation and approval of the most efficient and economical grain handling practices of the world today. Business methods, human business organizations and physical grain handling machinery, the result of competitive evolution over a period of years, which have so successfully marketed, financed and transported our crops of the past season during a year of readjustment in commerce and finance, such as we hope will not soon again be experienced—who can deny that this is not an achievement of note, and that the severe test of the year's business is but further proof of the value of the Winnipeg Grain Exchange to the producer and business interests of the country at large?

The Spanish River Pulp & Paper Mills, Limited

Sault Ste. Marie, Ontario

DAILY CAPACITY

News Print Paper	-	-	-	-	675 tons
Ground Wood Pulp	-	-	-	-	535 tons
Sulphite Pulp	-	-	-	-	220 tons
Board	-	-	-	-	35 tons

Mills At

Sault Ste Marie, Ont.;

Espanola, Ont.;

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The E. B. EDDY CO., Limited
HULL CANADA

Sample Markets.

Sample market trading has not materialized in your market here to the extent that had been expected. Facilities by way of a car dumping bureau, sample tables and space therefor in the trading room have been provided. The premium condition existent during most of the crop movement of the past year, and to date on the new crop militates against its development; also the railway companies' stop-over charge for grain billed to Winnipeg for orders is a considerable drain upon extra earning or premium made available through selling grain on sample. The closing of the United States markets to the free entry of Canadian wheat seriously injured Winnipeg as a sample trading centre, as during the years of short spring wheat production or a wheat crop of poor quality in the American north-western spring wheat states unsatisfactory for the production of high grade flour, we would have a heavy demand for our high quality Canadian wheat. This condition existed during the past year when some 48,000,000 bushels of Canadian wheat were exported from Canada to the United States.

It is regrettable that the reciprocal offer which stood on the statute books of the United States for so many years had not been taken advantage of by your government, and thus provided free entry into this broad market for our grain and many other forms of farm produce.

The necessary legislation to permit of sample trading and markets was enacted at Ottawa in 1917. The various market conditions made it impossible to operate a successful sample market and which developed since enactment of this legislation such as government control, finance, the uncertainty of return to open wheat marketing, etc., are now passed. If our producers desire to dispose of their grain on sample, facilities for this purpose are now available and our trade should develop this market, now already the greatest primary wheat market, to a position of equal importance as a sample market.

Transportation.

So inter-related to grain marketing, so difficult to obtain in liquid quantity during war-time period, transportation has now reversed this condition; it is available by rail or water in comparative plenty wherever and whenever required, and this is a welcome relief and benefit to all as compared with its insufficiency of the past few years.

In connection with transportation matters you will recall that as a result of negotiations conducted by representatives of your exchange with the railroads and Board of Railroad Commissioners at Ottawa, a ruling was secured from the board making possible the payment in Canadian funds of the approximate charges for the Canadian haul in international freight traffic between Canada and the United States. This arrangement has made a material saving in transportation charges, benefiting the grain and milling trade, the producer, consumer—in short, the entire country.

We are now well into the handling of a new crop, a crop which it is estimated, will be the largest harvested in the Canadian West since the bumper yield of 1915; a crop which is moving to markets some two weeks earlier than normal, and one that, notwithstanding the dangers of the hottest summer on record, gives indication of yielding well in quality as compared with our average production.

An amendment to By-law 26, carried August 4, 1920, gave your Council wide and drastic powers with reference to obtaining information as to the trading operations of your members; to prohibit trading and to fix or establish settlement values on contract; powers probably wider and more absolute than ever given the governing body of a grain exchange. You are to be congratulated upon the fact that during the trading of the past twelve months it has not been found necessary for the Council to exercise this power.

There is today a wider and keener interest in grain marketing methods and systems than ever before existed; there are many criticisms of these methods. Our methods of grain marketing should be more clearly understood by the producer, the business and general community at large, and we submit to you the suggestion of co-operation with, and education of, your trade, your customers and the general public toward that end.

THE PULP AND PAPER INDUSTRY IN 1921

Year Was One of Adverse Conditions, in Which Production and Exports Declined—Developments in Riordon Company

There is probably no other industry in Canada which has had so rapid and so romantic a development as the pulp and paper trade. Close to one hundred years ago, in a little village known as Crook's Hollow, was erected the first paper mill in what was known as Upper Canada. The Hollows was named after James Crooks, who earned the distinction of manufacturing the first sheet of paper in Upper Canada, for which he received a bounty of one hundred pounds from England.

In the following years several small companies built mills, and in 1861, John Riordon established a plant with a capacity of ten tons daily, from which was developed that ambitious enterprise, the Riordon Company, Limited, which met with such disastrous results last year in what seemed to be ill-advised expansion.

However, it is not to dwell on historical facts, for they would fill volumes, but just to briefly introduce a contrast which will be interesting in connection with present-day affairs. Now we speak of pulp and paper mills with a capacity of hundreds of tons daily, and think of the yearly production in millions of tons.

In 1917, total production of pulp and paper in the Dominion, was estimated at \$96,340,327. By 1920 this figure had increased by about one hundred per cent. Of course that is expressing it in dollars and cents, which basis includes the increase in prices; but while the increase in production in that period did not increase one hundred per cent., there is no doubt that during those four years the greatest expansion in the industry took place.

When The Depression Came

So prosperous had the industry become, that when business readjustment commenced in 1920, there were some who believed that the pulp and paper trade would not suffer any set-back, or only a slight one. But the close of 1920 saw depression looming on the horizon, and the stock exchange foreshadowed adverse factors.

Early in 1921, prominent pulp and paper companies tried to explain away the fact that the industry was due for a slump, by a good deal of undue optimism. At the end of January the Riordon Company was quoted as having made an investigation, and proved that depression was not serious, and that the bottom had been reached. Similar statements were made by other companies, but subsequent events showed these to be false.

With the exception of the Riordon Company, which was a victim of over-ambition, the old-established enterprises, with strong standing, were able to bear up under the strain of sudden and drastic reaction. Only new enterprises, like Kaministiquia and Mattagam, experienced difficulties.

Concerns which got into the business at or near the peak of the boom, and which installed machinery at top prices, only to find the market for their product fall away to nothing almost before their mills were in operation, were bound to suffer casualties. No industry however large and strong, can escape the cycle of depression, which is the inevitable result of extreme prosperity.

Exports and Imports

There are no official or accurate figures available as to the actual change which took place in production in 1921, but there are statistics which give a fairly good idea of the condition which existed. Perhaps the most illustrative table is that of imports and exports of wood, paper and products. It must be borne in mind that the following figures, besides showing the falling off in production, reflect the decrease in prices:

THE CONSUMERS' GAS CO. OF TORONTO

The Consumers' Gas Company has a perpetual charter for the manufacture and sale of gas in the City of Toronto, Townships of York, Etobicoke, Vaughan, Markham and Scarboro.

The output of gas for the year ended September 30, 1921, was over 5,000,000 thousand cubic feet. In addition, nearly \$330,000 worth of merchandise was sold, and about \$1,035,000 worth of residual products.

The present capital of the Company is \$6,000,000. There is a reserve fund of \$3,819,654.19, and a plant renewal fund of \$1,580,931.25. Assets total \$12,996,822.75. Profits for the past fiscal year were \$1,540,932.58, after providing for all expenses of management and operation.

The reserve and plant renewal funds together equal 90% of the Company's capital, which funds are invested principally in the Company's business, with no interest charges against them. This means that the Company need earn only about 5.2% on the money invested in order to meet its dividend requirement of 10% on the capital stock. The Company has steadily maintained its 10% dividend for forty-seven years.

The Directors are: Messrs. A. W. Austin, President; Wellington Francis, K.C., Vice-President; A. H. Campbell; L. Goldman; F. Le M. Grasett, M.D.; Herbert Langlois; Lieut.-Col. J. F. Michie; W. Mulock, Jr.; F. G. Osler. The General Manager is Mr. Arthur Hewitt; the Secretary Mr. John J. Armstrong.

Table Showing Increase of Company's Business

Year	Gas Output M. Cu. Ft.	No of Meters in use	Popula- tion of District Supplied	Cons'n per Capita Cu. Ft.	Pop. per Meter	Miles of Main
1871	52,595	1,566	56,000	617	36	44
1881	164,994	4,327	86,443	1,392	20	100
1891	509,414	14,838	181,220	2,199	12	207
1901	873,389	28,543	225,000	3,490	8	257
1911	2,843,041	72,544	410,000	6,444	5.7	456
1921	5,033,986	127,555	575,000	8,256	4.5	610

1920	Dutiable	Imports	
		Free	Exports
October ..	\$2,454,444	\$3,346,444	\$29,874,174
November ..	2,152,737	3,597,550	23,482,199
December ..	1,719,910	3,311,618	23,270,641
1921			
January ..	1,254,278	2,475,402	15,672,698
February ..	1,202,370	1,964,713	15,000,909
March ..	1,579,983	2,332,248	19,813,456
April ..	1,099,769	1,721,895	10,845,255
May ..	1,160,548	1,801,471	13,777,804
June ..	1,364,692	1,847,230	13,279,906
July ..	1,141,839	1,588,361	15,215,018
August ..	1,184,094	1,867,624	16,512,887
September ..	1,181,019	1,944,250	15,974,941
October ..			

It will be seen from above how great and rapid was the depression. It is notable, however, that some slight improvement was made in the latter months.

What the Stock Exchanges Tell

As regards the individual companies, it is not possible to go into detail as to the condition which prevailed, except in one or two eventful cases. But the stock exchanges tell part of the story. The following are figures showing the trend of stocks of the principal concerns during the year:

	First High	Six Months Low	Close Oct.	Close Nov.
Laurentide ..	98	71½	78¾	75
Price Bros.	42½	29½	38	35
Riordan, com.	160	7¼	5	5½
Spanish River ..	89½	46¾	68½	58
Spanish River, pfd.	95	55	75½	72
Wayagamack ..	89	46	47	41
Abitibi ..	58	22	32	31

As in the case of the figures of exports and imports, it is notable that the above figures also reflect an improvement in the industry in the latter months of the year.

Two of the fundamental factors were decreased production and falling prices. Several companies were affected by strikes, but these eventually resulted in the reduction of wages from 10 per cent. in some cases, to 30 per cent. in others. The drop in newsprint rates is the most important consideration in prices. The rate for the last quarter of 1921 was 4 cents per pound, as compared with 6½ cents in the year previous. Still, this reduced figure was above 1919, when the yearly range was from 3.65 to 3.90.

New Financing

During the early part of last year the flood of pulp and paper securities of 1920 continued. But the new financing was of a different nature. In 1920 a good deal of new stock was issued, for the purpose of expansion. In 1921, no new stock was issued, for such a practice is unwise in times of depression.

Not only that, but the financing carried on last year was largely for the purpose of the companies recouping themselves for heavy capital expenditures, incurred partly out of the income, and partly at the expense of liquid position during the height of prosperity.

Those companies which were fortunate to be in pretty good financial standing, were able to raise capital in this way to bridge them over the difficult period. But the cost of the money was high, for not only was money rather scarce, but there was an unfavorable sentiment attached to the pulp and paper industry in its adversity. Most companies borrowed with interest rates at eight per cent., or over.

The following are the principal issues which were all made in the first half of the year:

Fort William Pulp and Paper Company ..	\$1,000,000
Howard Smith Paper Mills, Ltd.	1,000,000
Spanish River Pulp and Paper Mills, Ltd.	3,000,000
Abitibi Power and Paper Company ..	4,000,000

Fraser Companies, Ltd.	2,000,000
Clarke Bros.	1,250,000
Brompton Pulp and Paper Company ..	2,500,000

The Riordon Disaster

The outstanding event of the year was the Riordon disaster, just as the most important feature of the previous year was Riordon consolidation. In 1920, an ambitious merger was formed, comprising the Kipawa Company, W. C. Edwards & Company, Ltd., Gilmour & Company, Ltd., and the Ticonderoga Pulp and Paper Company, the principal resources of which are in the Ottawa Valley.

The combined companies, with the Riordon enterprise, controlled approximately 12,000 square miles of timber, containing 25,000,000 cords of pulpwood, 1,200,000,000 feet of standing pine, 150,000 horsepower from water resources. Estimated pulp and paper capacity was 150,000 tons a year, and a pine output of 125,000,000 feet. Later, about 1,100 square miles of timber limits, together with undeveloped water power, were purchased from interests situated on the Quinze River in Quebec province.

Unfortunately, the plans of the directors of this huge amalgamation were ill-advised. Perhaps if they had been introduced at an earlier date, or postponed until the certainty of business had been assured, such plans would have resulted in a gigantic and valuable industry. But they resulted in the loss of millions of dollars, and a serious inconvenience to the pulp and paper industry in Canada.

F. P. Jones, who was financially interested in the concern, and who took part in the directing of the company, after the crash, summed up the situation in a few words, when he said. "Some people say the drop in price of pulp was the cause. In my opinion, it was not the cause. It only made conditions worse, and brought the house down sooner than it would otherwise have come down. The whole cause was buying property and building plants without having sufficient money to pay for them."

The company needed about \$11,000,000 to pay its debts and build up a liquid position. But it came for funds at a time when not only money was scarce, but the severe readjustment in the industry generally had brought pulp and paper securities into an unfavorable light, and caused a drastic slump in prices on the stock exchange. Consequently the debts could not be met, and for several months affairs dragged along, with occasional lawsuits on the part of creditors. Still the situation has not been finally cleared, but the company is relying on its tremendous resources to pull it through.

Fearful Competition

When the price of pulp and paper securities began to fall rather sharply at the beginning of 1921, many fears were aroused, among which was that concerning competition of Europe in the United States market. Such anxieties were soon put to rest, however. Among the soothing reports was that by Edward Beck, of the Canadian Pulp and Paper Association, who had made a rather extensive trip in Europe, and stated that the Scandinavian forests are pigmy in extent in comparison with Canada's.

The United States is Canada's best market, so that it was only natural that fear should have been expressed when it seemed as though adverse factors were entering there. Canadian production of newsprint increased from 150,000 tons in 1909 to over 850,000 in 1920. Today the Canadian newsprint mills are equipped to produce about 1,000,000 tons of paper a year. They are supported by what is admitted to be the greatest potential pulpwood reserve in the world.

About 80 per cent. of the output of these mills is marketed in the United States. During the twelve months ended August, 1921, American newspaper publishers purchased and used no less than 637,266 tons of Canadian newsprint.

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